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# THE ROUND TABLE

A QUARTERLY REVIEW OF THE  
POLITICS OF THE BRITISH EMPIRE

Volume XI

DECEMBER 1920 TO SEPTEMBER 1921

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# THE ROUND TABLE

A QUARTERLY REVIEW OF THE  
POLITICS OF THE BRITISH COMMONWEALTH

## CONTENTS

The Imperial Conference	page 735
Ireland	759
National Prosperity and Industrial Peace	797
<i>Foreign Trade and Unemployment—The Conditions of Prosperity—The Key to the Problem of To-day—The Incubus of the Capital and Labour Dispute—Where Capitalism has succeeded—Where Socialism Fails—The Failures of Capitalism—The Failures of Labourism—The Way Out</i>	
The Imperial Conference from an American Standpoint	835
Problems of Europe	848
<i>Introduction—Poland—The Situation in Germany</i>	
India	868
<i>Development of the Non-Co-operation Movement—Policy of Government—Manifestations of Non-Co-operation in the Punjab—Hindu-Muslim Unity—Weakening of Solidarity</i>	
United Kingdom	882
<i>Current Politics—The Goa Strike and its Results—The Industrial Outlook</i>	
Canada	907
<i>Significance of the By-Elections—Mr. Meighen at the Conference of Premiers—A League of Nations Society</i>	
Australia	924
<i>Mr. Hughes' Mission—Wool</i>	
South Africa	940
<i>Imperial and Foreign Policy—Native Policy—Bulhoek—Southern Rhodesia</i>	
New Zealand	959
<i>The Government and the Imperial Conference—The Samoan Mandate—An Imperial Executive—A New Departure in Diplomacy</i>	

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## NOTE

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# CONTENTS OF Nos. 40, 41, 42, & 43.

## No. 40. SEPTEMBER, 1920. page

The World in Conference : <i>The League of Nations, as Conceived in the War—The Present Discontent and its Remedy—Diagnosis—A Critique of the Procedure Adopted—An Alternative Procedure—Constructive Conclusions</i>	721
The Changing East	756
Candidates for the Presidency	773
Austria To-day	792
The Case of Italy	808
Problems of Europe : <i>San Remo to Spa—Plebiscites—Poland</i>	820
United Kingdom : <i>The Financial and Economic Situation—"Direct Action"—The International Movement for Revolution—The Situation in Ireland</i>	836
Canada : <i>Sir Robert Borden's Resignation—The New Prime Minister—Platform of the National Party</i>	870
Australia : <i>The Visit of the Prince of Wales—The Crown and the Empire—Queensland Politics—The New South Wales Elections</i>	893
New Zealand : <i>Responsibilities in the Pacific—The Railway Strike—The General Economic Situation—The Imperial Tie</i>	913
George Louis Beer : <i>Memoir</i>	933

## No. 41. DECEMBER, 1920.

The British Commonwealth of Nations in 1921	1
The Passing of Woodrow Wilson	14
Egypt a Nation	32
The International Financial Conference at Brussels and its Lessons	50
The Anglo-Japanese Alliance	87
Problems of Europe : <i>The Polish Lithuanian Dispute—The Little Entente—The German Socialists and the Third International</i>	98
United Kingdom : <i>The Coal Strike—"Reprisals" in Ireland</i>	127
India : <i>India through Indian Eyes</i>	146
Canada : <i>Representation of Canada at Washington—British Visitors and Imperial Problems—Political and Industrial Conditions</i>	153
Australia : <i>Sir Samuel Griffith—The Continuance of War Powers—Western Australian Civil Service Strike—Wheat and Wool Pools</i>	174
South Africa : <i>Political—The Currency and Banking Act—The Dominion Status</i>	193
New Zealand : <i>Parliament and Policy—Defence—A White New Zealand and Restrictions on Immigration—Samoa and the Pacific Islands</i>	212

## No. 42. MARCH, 1921.

	page
Ireland and the Home Rule Act	231
The Migration of the Races	241
The Paris Conference	274
Diplomacy by Conference	287
White Australia	312
South Africa and the Empire	339
United Kingdom : <i>Unemployment and the Industrial Situation</i>	343
India : <i>India through Indian Eyes</i>	365
Canada : <i>The Political Outlook—Autonomists and Centralists—Relations between the French and English in Canada—Business Conditions</i>	382
Australia : <i>The Queensland and Victorian Elections—The Industrial Situation—The Australian Record in Papua</i>	406
South Africa : <i>Secession : Aye or No ?—South Africa's Status</i>	428
New Zealand : <i>Political-External Affairs—Defence—The Industrial Situation—Wool and Credit</i>	449

## No. 43. JUNE, 1921.

Ireland	465
Meeting of the Imperial Cabinet	535
The United States and the Old World	558
Problems of Europe : <i>Reparations and Restoration—The Internal Condition of Germany</i>	579
United Kingdom : <i>Current Politics—The Industrial Situation</i>	611
India : <i>The Delhi Parliament</i>	637
Canada : <i>The General Situation and Outlook—Racial and National Dilution—The Railway Problem—American Influences in the Dominion</i>	657
Australia : <i>The Imperial Conference—The Financial Position in Australia</i>	676
South Africa : <i>The General Election—Consequences of the Elections—Rhodesia and the Elections in the Union—Imperial and External Policy—The New Cabinet—Internal Policy</i>	695
New Zealand : <i>Introductory—The Financial Statement—Trade—Credit—Taxation—Retrenchment—Transition—Currency—The Imperial Conference</i>	714



## THE IMPERIAL CONFERENCE

THE Imperial Conference of 1921 has been remarkable in many ways. The official designation, "The Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions, and India," is in itself worth notice since it suggests that the United Kingdom, the Dominions, and India have been taking counsel together on equal terms ; and undoubtedly the official terminology has considerable significance. Yet, cumbrous as it is, the official terminology does not cover the whole facts, since the Colonial Secretary, Mr. Churchill, has evidently not been present on behalf of the Dominions, which have their own Ministers, but on behalf of the Crown Colonies and Protectorates. Complete or not, the title means much. "Imperial Cabinet," a title which seemed likely at one time to develop naturally out of the Imperial War Cabinet, has evidently receded from favour as savouring too much of a central executive. "Imperial Conference," on the other hand, has seemed too much like a relapse into the social gatherings which dignified the latter days of Queen Victoria and the reign of King Edward. "British Empire Delegation," a survival from the Peace Conference at Paris, in 1919, has had little support in the Press, and apparently none in the Conference itself. There is nothing for it, therefore, but the long official formula, which is shortened in the bulk of the report to "the Conference."

Although officially no more than a Conference, its atmosphere, its demeanour, its record have been that of a

## The Imperial Conference

Cabinet. It has given the public no account of its proceedings, but only the results. It has confined itself to proclaiming the conclusions of its discussions, and we are not told what part in those discussions was taken by the individual "Prime Ministers and Representatives." Most important of all, it has sat with members of the British Cabinet to determine British policy on "Imperial and foreign questions of immediate urgency which arose in the course of the sittings"—we quote from its official report—and in that joint or collective capacity it has recommended action to the Sovereign like any ordinary Cabinet.

But while the official terminology represents, perhaps, a retreat from that used in connection with the Imperial War Cabinets, its proceedings mark a definite advance in status on the Imperial Conference of 1911. Then the Dominion Premiers were informed about foreign affairs. Now the "Conference of Prime Ministers and Representatives" is recognised as the body which formulates the policy of the Empire, especially in foreign affairs, but also in other Imperial matters; while the British Government becomes charged with the duty of carrying out that policy in the intervals between the assembling of the Conference, subject to such consultation as is possible through resident or visiting Ministers or the cables and the mails. From now onwards policy is a matter for the people of the Empire, and the British Government will occupy a position somewhat similar to that of the President of the United States, whose foreign policy, to be effective, requires the consent and co-operation of the Senate—in our case the Dominions. The constitutional effect of this system we will discuss in a future issue of *THE ROUND TABLE*; as also the decision of the Conference to drop the Constitutional Convention provided for in the Imperial Conference resolution of 1917.

The Conference was unquestionably a success. It "kept itself to itself," and the Press of the United Kingdom has not, except when the Japanese Alliance was under discussion, been greatly interested in it. We have been

## The Imperial Conference

told, for instance, much more of what America thought of it than of what we thought of it ourselves. On the other hand, no one who met those engaged in its deliberations could fail to gather a very strong impression of the belief of its members in its reality and worth. Social functions, which played so large a part in the old Imperial Conferences, speeches outside the Conference itself, resolutions by outside bodies exhorting the Conference to bind the Empire together, denunciations of the Conference as a Tory plot to divert attention from urgent domestic reforms—all those standing characteristics of the pre-war conferences have been conspicuously absent. The thing has been the Conference itself, working away silently for a space of seven weeks.

No doubt one reason of this has been the striking character of its personnel. The representatives of Canada and India alone were new to the gathering, and opinion seems to indicate that both acquitted themselves well. The representatives of India had a peculiarly difficult task, and they will go home with a resolution which testifies very eloquently to the impression they made on their colleagues.

The rest were all veterans. Mr. Lloyd George, Mr. Hughes, Mr. Massey, and General Smuts are a remarkable quartet. They are the only Ministers in the world, so far as we know, who have weathered not only the storms of the war, but the reactions of the peace. Strong personalities all of them ; vividly representative of the peoples from which they come ; politicians, too, but with that sure sense for realities which comes from responsibility in war ; well versed in the affairs not only of their own peoples but of the world by their long experience in the Peace Conference ; familiar also to each other, and capable therefore of that kind of discussion which is only fruitful amongst friends. Long association stands for much. The wheels of the Conference will move more laboriously when the ways of mortality or the chances of politics bring together a body

## The Imperial Conference

of representatives who meet each other from long distances for the first time.

It is not easy to review, except in general terms, the work of the Conference. A summary of its proceedings and conclusions has been published—a document of the consistency of cracknel biscuit which we append, for its solid and sustaining quality, to this brief note. There is not time to study it in detail in this number of the Review ; but we will attempt to summarise some of the results of the Conference which the more reliable researches of the Press, confirmed by the less obscure passages of the official annalist, seem to indicate as correct. Some day perhaps the veil will be lifted on the real substance of its debates. The Prime Ministers themselves will be less than human if, when they return to their own peoples, they confine themselves entirely to the arid outlines of the Report.

In the first place, then, it seems to us that the Conference has done sterling work in bringing opinion together on the main questions of foreign policy, which were apparently the subject of much divergence before it met. There is nothing more important in the Report than the passage which relates that its discussions “revealed a unanimous opinion as to the lines to be followed by British policy, and a deep conviction that the whole weight of the Empire should be concentrated behind a united understanding and common action in foreign affairs.” “All members of the Conference,” the Report adds, “expressed a vivid sense of the value of this year’s meeting in that respect.” The point is worth emphasising more strongly, we think, than the members of the Conference seem to have realised. They may have thought mainly of their own peoples, whose preoccupation at the moment is rather lest they should be committed to too much unity than to too little of it. It is a natural anxiety amongst peoples whose status is newly won and to whom their standing within the family at present means more than the standing of the whole family in the eyes of the world. But the very illuminating American

## The Imperial Conference

comment which we publish elsewhere in this number of the Review shows that the statement of unity was really necessary and timely, since foreign peoples continue to expect the dissolution of the British Empire in a riot of local autonomics. Indeed, those who study the newspapers of America, France, Italy and Germany will have seen that their comment upon the work of the Conference has in many ways been more searching than the comment of our own Press. The point is worthy of consideration as an index of two things : first, of the presence in the working of our post-war Imperial constitution of the same kind of weakness as we are quick to point out in the American Constitution ; second, of the great significance to the world of British unity or disunity — a point which our own democracies do not realise themselves.

The most striking example of this agreement on foreign policy was the action of the Conference in regard to the Anglo-Japanese Agreement and our relations with the United States. These formed the first subject to which the Conference addressed itself after its preliminary discussions. It is clear that much attention was given to the danger of racial conflict in the Pacific and Far East, the growth of naval armaments in that area, and the permanent importance of seeking an international Pacific understanding to limit naval competition and guarantee peace. The actual line of discussion which led to the Conference's decision, outlined in the Report, has unfortunately not been given to the public ; but the published appreciations of the subject, and particularly the Prime Minister's statement to the House on July 11, indicate the main considerations in the mind of the Conference, which guided its course.

In the first place, it was evidently held that the Empire must maintain its historic role of a moderating reconciling influence between the civilisations of East and West. The supreme importance of the Pacific problem arises from the fact that there will lie the main theatre of racial antagonism,



## The Imperial Conference

should ever that antagonism become acute. For the British Empire it is of vital interest to prevent an accentuation of national politics on the lines of race, for such a movement would ultimately bring disunion between the King's European and Asiatic subjects and divide the Empire against itself. To prevent it is no less vital to humanity in general, since racial antagonism reinforced by the colour line forms the greatest of all potential dangers to the world's peace. It is, therefore, both the duty of the Empire and its interest to stand resolutely for a policy of justice, equal consideration and fair play between the races and nations of the Pacific and Far East. Mr. Lloyd George's opening statement emphasised this, and it seems to have commended itself to the whole Conference.

It was this broad consideration which evidently inspired the decision of the Conference to base its Pacific policy on a co-operation which would include both the United States and Japan. Mr. Lloyd George declared that he spoke for all the members of the Conference when he said in the House of Commons on July 11 that the British Empire saw in the United States "the people closest to its own aims and ideals, with whom it is for us, not merely a desire and an interest, but a deeply rooted instinct to consult and co-operate." It has often been pointed out that the Dominions themselves are in many respects only so many small Americas, similar in origin, similar in development, similar in habit and point of view to the United States. For them, as for the United Kingdom, any failure of understanding between the Empire and the United States in the main issues of world policy would be against nature itself. The policy of close understanding and co-operation with the United States in world affairs was accepted as a cardinal axiom of imperial policy. To use, indeed, the actual words of the Prime Minister which are quoted in the official report of the Conference, "the first principle of our policy (is) friendly co-operation with the United States." Parallel to this, and in the opinion of the Conference clearly

## The Imperial Conference

consistent with it, was the maintenance of the policy of friendship and mutual service between the British Empire and its Far Eastern ally, Japan. Formed originally to prevent a general conflagration as the result of the Russo-Japanese war, the Anglo-Japanese Agreement has been throughout the twenty-six years of its existence a powerful factor on the side of peace. In virtue of it Japan rendered sterling service, not only to the British Empire, but to all the Allied and Associated Powers, during the great war. She threw her navy into that struggle with most valuable effect at a time when German cruisers were at large in the Pacific; she made possible the transport of Australian, New Zealand and Indian troops to the main theatres of war; and she also fought steadily against the submarine menace in the Mediterranean, releasing thereby many Allied ships for service in other quarters where they were urgently required. The Alliance also served to keep in check the more extreme ambitions of Japanese militarists in China, as nothing else could have done. The Conference clearly felt that, even were there no broader factors in the case, the close co-operation of the British Empire and Japan had proved its value, not only to the two Allies themselves, but to the world at large, and that if possible it should be maintained in future in a form compatible with close association with the United States and the maintenance of the independence of China and the open door. It was a further and essential consequence of its aspiration that the Empire should play the part of an intermediary in the reconciliation of East and West, that the Conference should, to use its own words, aim at giving China "every opportunity of peaceful progress and development."

The third factor of dominant importance has been the rapid development of naval competition in the Pacific. The members of the Conference decided, as the resolution on the subject in the published Report shows, that the British Empire must, in the interests of all its peoples and of peace, maintain a navy equal to that of any other Power.

## The Imperial Conference

At the same time the danger of naval competition in the Pacific was obvious, and it was very keenly felt that no effort should be spared to bring about an immediate understanding for the limitation of naval competition as an essential condition of lasting peace. Provided that an understanding in principle can be reached between the three Powers with regard to their aims and interests in the Western Pacific and Far East, the Conference evidently believed that an accommodation should be easily attainable with regard to naval building also. They felt that the essential point was to arrive at a tripartite understanding, and a prompt exchange of views in an atmosphere of friendly confidence was a necessary preliminary to that result. Given an understanding in principle as to their aims and interests between the three Naval Powers, a just and fair solution of many dependent questions, such as the development of China, and naval armaments would follow in due course.

The Report gives an account of the action taken by the Conference to secure an exchange of views at an early date. It is a very real misfortune that the idea was not accepted by the United States, but we will hope that an intimate discussion such as was suggested in this Review many months ago will even yet take place before the meeting of the Great Washington Conference on Disarmament.

For the rest, the Conference seems to have approved of the policy of close co-operation with France, provided that the policy of France was consistent with the maintenance of peace and the growth of prosperity in Europe.

Time does not permit of a detailed examination of the other matters discussed at the Conference. The important discussion centred on constitutional status and foreign policy, especially in relation to the United States, the Pacific and Japan, and these have been already dealt with. Emerging out of these discussions, however, the great importance of speeding up imperial communications became clear. If the broad outlines of the foreign policy of the

## The Imperial Conference

Empire are to be determined by the Prime Ministers of the Empire they must meet more often, and if they are to meet more often some quicker means of transit must be provided. The question of the air routes was considered, but it is evident that invention and organisation have not yet produced a satisfactory means of locomotion over very long distances through the air. It is matter for consideration whether the construction of one or two 30-knot vessels would not be worth while.

A word must be added on the resolution which relates to the position of British Indians. The Conference reaffirmed the principles adopted in 1918. These were that the absolute right of every Dominion, and also India, to settle its own immigration laws must be recognised. India has exactly as much right to exclude Canadians and Australians as Canada and Australia have to exclude Indians. If the laws of a Dominion on this subject appear unreasonable, the Indian legislature is entitled to pass similar laws against the citizens of that Dominion.

The Conference now goes further and declares that disabilities upon British Indians lawfully domiciled in some other parts of the Empire are incongruous with the position of India as an equal member of the British Empire and that it is desirable that the rights of such Indians to citizenship should be recognised.

From this resolution the representatives of South Africa record their dissent. Those of India express their profound concern at the position of Indians in South Africa, and their hope that by negotiations between the Governments of India and of South Africa some way can be found as soon as may be to reach a more satisfactory conclusion.

That all the Dominions but one should have seen their way to subscribing to this resolution is a great step. The one dissentient, however, is the Dominion where the question is really acute. Anyone who knows South African conditions could have foreseen that had General Smuts accepted this resolution he would have ceased to

## The Imperial Conference

be Prime Minister of South Africa. The question of giving the vote to Indian settlers is inseparable from the question of giving the vote to natives who are the original inhabitants of the country and who outnumber the whites by four to one. In the area of the Cape Colony no racial disqualifications exist. In those of the former Republics and for all intents and purposes in Natal the vote is restricted to Europeans. Sooner or later South Africa will have to face this discrepancy in its system.

The Indian representatives are undoubtedly right in their view that the whole question of the position of Indians domiciled in South Africa should now be made the subject of direct negotiation between India and South Africa. India's case will be greatly strengthened by the resolution recording the opinion of the whole Commonwealth outside South Africa.

It is interesting to note that the Conference has been able to record on its minutes a resolution which was not unanimous. It is now for the British Government as party to the resolution to consider how the principle is to be applied in Kenya and the other crown colonies.

Finally we may point to the fact that the Imperial Conference is no longer a patriotic or sentimental demonstration, but a piece of practical machinery for the conduct of Imperial affairs on co-operative lines. Its practical usefulness is apparent from the fact that it was continuously at work during seven weeks, that it shirked no subject, however difficult, and that it succeeded, though sometimes with difficulty, in reaching unanimous conclusions on all the vital questions submitted to it. Here for the moment we must leave it. It is not improbable that a further chapter in the history of inter-Imperial relations will fall to be written in connection with the Disarmament Conference in Washington.

# The Imperial Conference

## WORK OF THE PRIME MINISTERS

### OFFICIAL REPORT

The following summary of the transactions of the Prime Ministers and representatives of the United Kingdom, the Dominions, and India during June, July and August, 1921, was issued last evening :—

#### PRELIMINARY NOTE.

The proceedings of the Conference of Prime Ministers and representatives of the United Kingdom, the Dominions, and India opened at 10, Downing Street, on June 20, 1921, and were continued until August 5. During that period 34 plenary meetings took place, which were normally attended by the following :—

*Great Britain* :—Mr. D. Lloyd George, Prime Minister ; Mr. A. Chamberlain, Lord Privy Seal ; Mr. A. J. Balfour, Lord President of the Council ; Lord Curzon, Secretary of State for Foreign Affairs ; Mr. W. S. Churchill, Secretary of State for the Colonies.

*Canada* :—Mr. A. Meighen, Prime Minister ; Mr. C. C. Ballantyne, Minister of Naval Service.

*Australia* :—Mr. W. M. Hughes, Prime Minister.

*New Zealand* :—Mr. W. F. Massey, Prime Minister.

*South Africa* :—General J. C. Smuts, Prime Minister ; Sir Thomas Smartt, Minister of Agriculture ; Colonel H. Mentz, Minister of Defence.

*India* :—Mr. E. S. Montagu, Secretary of State for India ; The Maharao of Cutch ; Mr. Srinivasa-Sastri.

#### SECRETARIAT

*Great Britain* :—Sir M. P. A. Hankey, Sir Henry Lambert, Sir Edward Grigg, Colonel S. H. Wilson. *Canada* :—Mr. L. C. Christie, Mr. C. H. A. Armstrong. *Australia* :—Mr. P. F. Deane. *New Zealand* :—Mr. F. D. Thomson. *South Africa* :—Mr. G. Brebner, Captain E. F. C. Lane. *India* :—Mr. G. S. Bajpai.

In addition the following attended meetings for the discussion of subjects which particularly concerned their respective departments : Lord Birkenhead, Lord Chancellor ; Sir L. Worthington Evans, Secretary of State for War ; Mr. S. Baldwin, President of the Board of Trade ; Mr. H. A. L. Fisher, President of the Board of Education ;

## The Imperial Conference

Mr. F. G. Kellaway, Postmaster-General; Sir Robert Horne, Chancellor of the Exchequer; Lord Lee of Fareham, First Lord of the Admiralty; Captain F. E. Guest, Secretary of State for Air; Earl Beatty, First Sea Lord and Chief of Naval Staff; Sir Eyre A. Crowe, Permanent Under-Secretary of State for Foreign Affairs; Field-Marshal Sir H. H. Wilson, Chief of the Imperial General Staff; Sir C. J. B. Hurst, Legal Adviser, Foreign Office; Sir B. P. Blackett, Controller of Finance, Treasury; Sir G. L. Barstow, Controller of Supply Services, Treasury; Major-General Sir F. H. Sykes, Controller-General of Civil Aviation; Air-Marshal Sir H. M. Trenchard, Chief of the Air Staff; Sir Philip Lloyd-Greame, M.P., Director of Overseas Trade Department; Sir H. Llewellyn Smith, Chief Economic Adviser to H.M. Government; Rear-Admiral Sir E. P. F. G. Grant, First Naval Member of Naval Board and Chief of Australian Naval Staff; Captain B. E. Domville, Director of Plans Division, Admiralty; Mr. C. Hipwood, Mercantile Marine Department, Board of Trade.

Apart from the plenary meetings, the Prime Ministers of the United Kingdom and the Dominions met on 11 occasions, and 8 meetings of Committees were held at the Colonial Office.

The greater part of the proceedings, particularly that relating to foreign affairs and defence, was of a highly confidential character, comparable rather to the work of the Imperial War Cabinets of 1917 and 1918 than of the Imperial War Conferences of those years. Other parts, though not so secret in their nature, were intermingled with matter which must for the present be kept confidential. In regard to such discussions only an indication has been given here of their general tenor.

Mr. Lloyd George, as chairman, opened the proceedings with a comprehensive review of the situation in which the Conference had assembled. He outlined its task, stated broadly the principles of policy which commended themselves to the British Government, and dwelt upon the significance of the Conference and the importance of its work. He was followed in turn by all the other Prime Ministers, by Mr. Sastri for India, and by Mr. Churchill for the Colonies and Protectorates. This preliminary discussion occupied two days. The speeches were published at the time.

### FOREIGN POLICY

The Conference then addressed itself to a detailed consideration of the foreign policy of the British Empire. The discussion on this was opened by the Secretary of State for Foreign Affairs, who made an exhaustive statement upon the course of foreign affairs since the

## The Imperial Conference

Peace Conference. His statement was supplemented by Mr. Churchill, who dealt with the special problems of the Middle East.

There followed a series of important discussions, which were largely conversational in form, each representative intervening in turn as occasion prompted, without formality of any kind. The objects in view were threefold: First, that the members of the Conference should all put their ideas into the common stock and thus gain a thorough understanding of each other's point of view; second, that the principal questions of foreign policy should be examined by this means from every point of view; and third, that there should be a free and full discussion of the general aims and methods to be pursued. The discussions, which covered the whole area of foreign policy and extended over many days, proved most fruitful in all these respects. They revealed a unanimous opinion as to the main lines to be followed by British policy, and a deep conviction that the whole weight of the Empire should be concentrated behind a united understanding and common action in foreign affairs. In this context very careful consideration was given to the means of circulating information to the Dominion Governments and keeping them in continuous touch with the conduct of foreign relations by the British Government. It was unanimously felt that the policy of the British Empire could not be adequately representative of democratic opinion throughout its peoples unless representatives of the Dominions and of India were frequently associated with those of the United Kingdom in considering and determining the course to be pursued. All members of the Conference expressed a vivid sense of the value of this year's meeting in that respect and a desire that similar meetings should be held as frequently as possible.

A precedent created by the Imperial War Cabinet was also revived with valuable results. From 1916 till the armistice the Prime Ministers of the Dominions and the representatives of India frequently sat with members of the British Cabinet to determine the measures necessary for the prosecution of the war. This method of procedure was also adopted by the British Empire Delegation during the Peace Conference in Paris, when all cardinal decisions were taken by the Delegation as a whole. In accordance with this precedent, the Prime Ministers of the Dominions and the representatives of India present in London this year were invited to meetings with members of the British Cabinet called to deal with Imperial and foreign questions of immediate urgency which arose in the course of the sittings.

One of the most important of these was the Upper Silesian question, which, during the session of the Conference, assumed an acute form, and was debated at each stage by the members of the Conference, whose interest in a matter so closely affecting the



## The Imperial Conference

relations of Great Britain and France was incontestable. The main lines of British policy in connection with the solution of this problem received the unanimous approval of the Conference, and it was with satisfaction that they heard, before the termination of their sittings, that, the preliminary difficulties having been resolved, the final settlement of the question of the Silesian frontier was remitted, under the terms of the Treaty of Versailles, to an immediate meeting of the Supreme Council at Paris.

### PROBLEMS OF THE PACIFIC

The problems of the Western Pacific and the Far East, together with the Anglo-Japanese Agreement, were also fully discussed; and President Harding's invitation to a conference on disarmament was warmly welcomed by all the members of the Conference. The following statement, made by the Prime Minister in the House of Commons on July 11, represents the general view of all members of the Conference on the main issues of the Pacific, as also on the question of disarmament:—

“The broad lines of Imperial policy in the Pacific and the Far East were the very first subjects to which we addressed ourselves at the meetings of the Imperial Cabinet, having a special regard to the Anglo-Japanese Agreement, the future of China, and the bearing of both these questions on the relations of the British Empire with the United States. We were guided in our deliberations by three main considerations. In Japan, we have an old and proved ally. The agreement of 20 years' standing between us has been of very great benefit, not only to ourselves and her, but to the peace of the Far East. In China there is a very numerous people, with great potentialities, who esteem our friendship highly, and whose interests we, on our side, desire to assist and advance. In the United States we see to-day, as we have always seen, the people closest to our own aims and ideals, with whom it is for us, not merely a desire and an interest, but a deeply-rooted instinct to consult and co-operate. Those were the main considerations in our meetings, and upon them we were unanimous. The object of our discussions was to find a method combining all these three factors in a policy which would remove the danger of heavy naval expenditure in the Pacific, with all the evils which such an expenditure entails, and would ensure the development of all legitimate national interests of the Far East.

“We had in the first place to ascertain our exact position with regard to the Anglo-Japanese Agreement. There had been much doubt as to whether the notification to the League of Nations made last July constituted a denunciation of the Agreement in the sense of Clause 6. If it did, it would have been necessary to decide upon

## The Imperial Conference

some interim measure regarding the Agreement pending fuller discussions with the other Pacific Powers, and negotiations with this object in view were, in point of fact, already in progress. If, on the other hand, it did not, the Agreement would remain in force until denounced, whether by Japan or by ourselves, and would not be actually determined until twelve months from the date when notice of denunciation was given. The Japanese Government took the view that no notice of denunciation had yet been given. This view was shared by the Secretary of State for Foreign Affairs ; but, as considerable doubt existed, we decided, after a preliminary discussion in the Imperial Cabinet, to refer the question to the Lord Chancellor, who considered it with the Law Officers of the Crown, and held that no notice of denunciation had yet been given.

“ It follows that the Anglo-Japanese Agreement remains in force unless it is denounced, and will lapse only at the expiration of twelve months from the time when notice of denunciation is given. It is, however, the desire of both the British Empire and Japan that the Agreement should be brought into complete harmony with the Covenant of the League of Nations ; and that wherever the Covenant and the Agreement are inconsistent, the terms of the Covenant shall prevail. Notice to this effect has now been given to the League.

“ The broader discussion of Far Eastern and Pacific policy to which we then turned showed general agreement on the main lines of the course which the Imperial Cabinet desired to pursue. I have already explained that the first principle of our policy was friendly co-operation with the United States. We are all convinced that upon this, more than any single factor, depends the peace and well-being of the world. We also desire, as I have stated, to maintain our close friendship and co-operation with Japan. The greatest merit of that valuable friendship is that it harmonises the influence and activities of the two greatest Asiatic Powers, and thus constitutes an essential safeguard to the well-being of the British Empire and peace of the East. We also aim at preserving the open door in China, and at giving the Chinese people every opportunity of peaceful progress and development.

“ In addition to these considerations, we desire to safeguard our own vital interests in the Pacific, and to preclude any competition in naval armaments between the Pacific Powers. All the representatives of the Empire agreed that our standpoint on these questions should be communicated with complete frankness to the United States, Japan, and China—with the object of securing an exchange of views which might lead to more formal discussion and conference. The Secretary of State for Foreign Affairs accordingly held conversations last week with the American and Japanese Ambassadors and the Chinese Minister, at which he communicated to them the views of the Imperial Cabinet, and asked in turn for the views of their

## The Imperial Conference

respective Governments. He expressed at these conversations a very strong hope that this exchange of views might, if their Governments shared our desire in that respect, pave the way for a conference on the problems of the Pacific and the Far East.

"The views of the President of the United States were made public by the American Government this morning. It is known to the House Mr. Harding has taken the momentous step of inviting the Powers to a Conference on the limitation of armaments, to be held in Washington in the near future, and he also suggests a preliminary meeting on Pacific and Far Eastern questions between the Powers most directly interested in the peace and welfare of that great region, which is assuming the first importance in international affairs. I need not say that we welcome with the utmost pleasure President Harding's wise and courteous initiative. In saying this I know that I speak for the Empire as a whole. The world has been looking to the United States for such a lead. I am confident that the House will esteem it as an act of far-seeing statesmanship and will whole-heartedly wish it success. I need hardly say that no effort will be lacking to make it so on the part of the British Empire, which shares to the full the liberal and progressive spirit inspiring it."

### PRELIMINARY CONFERENCE

In accordance with the suggestion which was believed to have been made by the American Government that the conference on disarmament should be preceded by friendly conversations or consultation between the Powers who were principally concerned in the future of the Far East and the Pacific, the Imperial Conference, anxious that for the Anglo-Japanese Agreement should be substituted some larger arrangement between the three Great Powers concerned—namely, the United States of America, Japan, and Great Britain, and holding the firm conviction that the later discussions on disarmament, to which they attached a transcendent importance, could best be made effective by a previous mutual understanding on Pacific questions between those Powers, devoted many hours of examination to the question how such an understanding could best be arrived at, where the proposed conversations could best be held ; in what manner the representatives of the British Dominions, who were so vitally affected, could most easily participate in them ; and upon what broad principles of policy it was desirable to proceed. It was difficult for the Dominion Prime Ministers, owing to the exigencies of time and space, to attend at Washington late in the autumn. On the other hand, advantage might be taken of their presence in England to exchange views with representatives of the other Great Powers who had been invited to Washington later. It

## The Imperial Conference

was in these circumstances that the idea was mooted that the preliminary conversations or consultations, to which the American Government had in principle agreed, should be held in London.

When it transpired a little later that there was some misunderstanding as to the nature of the preliminary conversations which had been suggested, the British Government, in the earnest desire to remove any possible misconception, and to meet what they believed to be the American views, at each stage of the impending discussions, volunteered to attend a meeting on the other side of the Atlantic, at which the agenda of the forthcoming conference at Washington could be discussed, and a friendly interchange of views take place in order to facilitate the work of the main conference later. The British Prime Minister and Foreign Secretary together with the Dominion Prime Ministers were prepared to attend such a meeting, if invited to do so by the American Government.

The Japanese Government signified their willingness, if invited, to take part in the suggested conversations.

The American Government, however, did not favour the idea, which was accordingly dropped.

This conclusion was viewed with the utmost regret by the members of the Imperial Conference, who had devoted no small portion of time to the working out of an arrangement which, they understood, would be equally acceptable to all parties, and the abandonment of which could not, they feared, be otherwise than prejudicial to the great objects which all had in view. At no stage had it been suggested that the results of such a consultation as was contemplated should either anticipate the work or tie the hands of the Washington conference at a later date. On the contrary, holding as they do the firm belief that without a Pacific understanding the conference on disarmament will find it less easy to attain the supreme results that are hoped for by all, the Imperial Conference made the proposal before referred to, anxious to remove every possible obstacle from the path of the Washington meeting, which they desired to see attended with complete and triumphant success.

### EMPIRE SETTLEMENT AND MIGRATION

The question of Empire settlement and migration was considered by a special committee under the chairmanship of the Secretary of State for the Colonies, and the following resolution was finally adopted by the Conference :—

“The Conference having satisfied itself that the proposals embodied in the Report of the Conference on State-aided Empire Settlement are sound in principle, and that the several Dominions are prepared, subject to Parliamentary sanction and to the necessary

## The Imperial Conference

financial arrangements being made, to co-operate effectively with the United Kingdom in the development of schemes based on these proposals, but adapted to the particular circumstances and conditions of each Dominion, approves the aforesaid Report.

"The South African representatives wish to make it clear that the limited field for white labour in South Africa will preclude co-operation by the Union Government on the lines contemplated by the other Dominions.

"The Conference expresses the hope that the Government of the United Kingdom will at the earliest possible moment, secure the necessary powers to enable it to carry out its part in any schemes of co-operation which may subsequently be agreed on, preferably in the form of an Act which will make clear that the policy of co-operation now adopted is intended to be permanent.

"The Conference recommends to the Governments of the several Dominions that they should consider how far their existing legislation on the subject of land settlement, soldier settlement, and immigration may require any modification or expansion in order to secure effective co-operation, and should work out, for discussion with the Government of the United Kingdom, such proposals as may appear to them most practicable and best suited to their interests and circumstances."

### THE PROPOSED CONFERENCE ON CONSTITUTIONAL RELATIONS

Several plenary meetings and several meetings of the Prime Ministers were devoted to a consideration of the question of the proposed Conference on the Constitutional Relation of the component parts of the Empire, and the following resolution was adopted :—

"The Prime Ministers of the United Kingdom and the Dominions, having carefully considered the recommendation of the Imperial War Conference of 1917 that a special Imperial Conference should be summoned as soon as possible after the war to consider the constitutional relation of the component parts of the Empire, have reached the following conclusions :—

"(a) Continuous consultation, to which the Prime Ministers attach no less importance than the Imperial War Conference of 1917, can only be secured by a substantial improvement in the communication between the component parts of the Empire. Having regard to the constitutional developments since 1917, no advantage is to be gained by holding a constitutional conference.

"(b) The Prime Ministers of the United Kingdom and the Dominions and the representatives of India should aim at meeting annually, or at such longer intervals as may prove feasible.

"(c) The existing practice of direct communication between the

# The Imperial Conference

Prime Ministers of the United Kingdom and the Dominions, as well as the right of the latter to nominate Cabinet Ministers to represent them in consultation with the Prime Minister of the United Kingdom are maintained."

## LEAGUE OF NATIONS

A discussion took place in regard to the League of Nations, during which Mr. Balfour explained at length the work which had been carried out by the League and the special difficulties with which it has to contend. Mr. Balfour's statement was published at the time, and will be included in a Blue Book to be issued shortly.

While a more equitable distribution between its members of the cost of the League was considered essential to its future, there was general appreciation of its work and of the League's claim to the support of the British Empire as a step forward in the regulation of international affairs.

## EGYPT

Close consideration was given to the question of British policy in Egypt and the future status of that country, and general agreement was reached regarding the principles by which His Majesty's Government should be guided in the negotiations with the Egyptian Delegation.

## IMPERIAL DEFENCE

Several plenary meetings and several meetings of the Prime Ministers alone with the Secretary of State for India were devoted to considering the naval defence of the Empire, and the following resolution was adopted :—

"That, while recognising the necessity of co-operation among the various portions of the Empire to provide such naval defence as may prove to be essential for security, and while holding that equality with the naval strength of any other Power is a minimum standard for that purpose, this Conference is of opinion that the method and expense of such co-operation are matters for the final determination of the several Parliaments concerned and that any recommendations thereon should be deferred until after the coming conference on disarmament."

In addition, a number of useful consultations took place between the Admiralty and the representatives of the several Dominions and India, at which were discussed such matters as the local co-

# The Imperial Conference

operation of each Dominion in regard to the provision of oil tanks, local naval defence, etc.

A discussion took place on the military and air defence of the Empire, and the views of the general and air staffs on the principles which should be adhered to in order to ensure co-operation in these matters were laid before Ministers.

## IMPERIAL COMMUNICATIONS

The question of improved communication throughout the Empire, including air, telegraphy, telephony, and shipping, was considered, and a special committee, under the chairmanship of the Secretary of State for the Colonies, was appointed to go into the whole question. This committee reported to the main Conference, and eventually the following conclusions were arrived at :—

*Air.*—"The Conference, having carefully considered the report (to be included in a Blue Book which will be issued shortly) of the expert sub-committee on Imperial Communications, are of opinion that the proposals contained therein should be submitted for the consideration of the Governments and Parliaments of the different parts of the Empire.

"On the understanding that the cost involved will be in the region of £1,800 per month, they recommend that, pending such consideration, the existing material, so far as useful for the development of Imperial air communications, should be retained."

*Imperial Wireless Scheme.*—"It is agreed that His Majesty's Government should take steps for the erection of the remaining stations for which they are responsible, as soon as the stations are designed; that the Governments of Australia, the Union of South Africa, and India, should take similar action so far as necessary, and that the Governments of Canada and New Zealand should also co-operate.

"The above scheme was accepted by the Prime Minister of the Commonwealth subject to giving full freedom of action to Australia to decide the method in which Australia will co-operate."

## SHIPPING

As regards the Report of the Imperial Shipping Committee on bills of lading, it was decided to adopt the following resolution :—

"The Conference approves the recommendations made in the report of the Imperial Shipping Committee on the limitation of shipowners' liability by clauses in bills of lading, and recommends

## The Imperial Conference

the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the committee."

A resolution was also adopted to the effect that, pending the constitution of a permanent committee on shipping, the existing Imperial Shipping Committee should continue its inquiries.

The representatives of His Majesty's Government and the Governments of New Zealand and India were ready to agree to a wider resolution recommending the constitution under Royal Charter of a permanent committee to carry out the duties specified in the report of the Imperial Shipping Committee, dated June 3, viz. : (a) To perform such duty as may be entrusted to them under laws in regard to inter-Imperial shipping, applicable to the whole or to important parts of the Empire ; (b) to inquire into complaints in regard to ocean freights and conditions in inter-Imperial trade, or questions of a similar nature referred to them by any of the Governments of the Empire ; (c) to exercise conciliation between the interests concerned in inter-Imperial shipping ; (d) to promote co-ordination in regard to harbours and other facilities necessary for inter-Imperial shipping.

The representative of Canada, however, did not agree to this wider resolution, and the representatives of the Commonwealth of Australia and the Union of South Africa reserved the matter for further consideration. The position as regards rebates was discussed and strong representations were made by Dominion Ministers in regard to it, but no resolution was passed, it being understood that the matter is at present under consideration by the Imperial Shipping Committee.

### WIRELESS TELEPHONY

The present position regarding the development of wireless telephony was explained, and the following resolution was adopted :—

"That the Radio Research Board be asked to investigate the subject of wireless telephony and to report on its development, whether Governmental or private. That the Postmaster-General shall supply to the Governments of the Dominions and India technical reports showing its position and possibilities."

### RATES FOR PRESS MESSAGES

The special committee on communications received a deputation representing the Empire Press Union and the Newspaper Proprietors' Association, and subsequently Mr. Robert Donald, chairman of the Empire Press Union, made representations to them on the subject



## The Imperial Conference

of wireless telegraphy. The following resolution was agreed to and thereafter adopted by the main Conference :—

“The committee agrees with the resolution, passed at the second Imperial Press Conference held at Ottawa in 1920, that any assistance given by the Governments of the Empire towards the reduction of rates for Press services by wireless and cable should appear specifically in the estimates of public expenditure, and should be so directed as not to affect the quality of the news service supplied or the freedom of the newspapers so served. The committee is in full sympathy with the object of reducing rates, both by cable and wireless, for Press messages, and recommends the most favourable examination by the Governments concerned of any practicable proposals to this end.”

### REPARATIONS

The Conference agreed that the reparation receipts under the Treaty of Versailles should be apportioned approximately as follows :—

United Kingdom	..	..	..	..	..	86·85
Minor Colonies	..	..	..	..	..	·80
Canada	..	..	..	..	..	4·35
Australia	..	..	..	..	..	4·35
New Zealand	..	..	..	..	..	1·75
South Africa	..	..	..	..	..	·60
Newfoundland	..	..	..	..	..	·10
India	..	..	..	..	..	1·20

100·00

### POSITION OF BRITISH INDIANS IN THE EMPIRE

The question of the position of British Indians in the Empire was discussed first at a plenary meeting, when the representatives of India fully explained the situation and the views held in India on the subject. The question was then remitted to a special committee, under the chairmanship of the Secretary of State for the Colonies.

At a final meeting on the subject the following resolution was adopted :—

“The Conference, while reaffirming the resolution of the Imperial War Conference of 1918, that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction on immigration from any of the other communities, recognises that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians law-

## The Imperial Conference

fully domiciled in some other parts of the Empire. The Conference accordingly is of the opinion that, in the interests of the solidarity of the British Commonwealth, it is desirable that the rights of such Indians to citizenship should be recognised.

"The representatives of South Africa regret their inability to accept this resolution in view of the exceptional circumstances of the greater part of the Union.

"The representatives of India, while expressing their appreciation of the acceptance of the resolution recorded above, feel bound to place on record their profound concern at the position of Indians in South Africa, and their hope that by negotiation between the Governments of India and of South Africa some way can be found, as soon as may be, to reach a more satisfactory position."

### EMPIRE PATENT

A memorandum prepared in the Board of Trade on the demand for an Empire Patent was considered by a special committee, under the chairmanship of the Secretary of State for the Colonies, and the following recommendation, which was concurred in by the main Conference, was agreed to :—

"The committee recommends that a conference of representatives of the Patent Offices of His Majesty's Dominions shall be held in London at an early date to consider the practicability of instituting a system of granting patents which should be valid throughout the British Empire."

### NATIONALITY

A memorandum prepared in the Home Office with reference to the nationality of children of British parents born abroad was considered by a special committee, under the chairmanship of the Secretary of State for the Colonies, and the following resolution, which was finally approved by the main Conference, was adopted :—

"The committee, having considered the memorandum prepared in the Home Office regarding the nationality of the children born abroad of British parents, commends the principle of the proposals contained therein to the favourable consideration of the Governments of the Dominions and India."

### CONDOMINIUM IN THE NEW HEBRIDES

The condominium in the New Hebrides was discussed by a special committee under the chairmanship of the Secretary of State for the Colonies.

# The Imperial Conference

## ADDRESS TO THE KING

The Prime Minister was asked by the members of the Conference to present on their behalf a humble address to His Majesty the King.

## THANKS TO THE PRIME MINISTER

The Prime Ministers of the Dominions and the representatives of India desire to put on record their deep appreciation of the large amount of time and work devoted in a time of heavy strain by the Prime Minister and his colleagues in His Majesty's Government to the Conference. They look with great satisfaction upon their meetings, which have, in their opinion, made clear the lines of common action in Imperial and foreign affairs, and still more firmly established the free co-operation of the peoples of the Commonwealth.

## APPRECIATION OF WORK OF SECRETARIAT

The Prime Ministers of the Dominions and the representatives of India desire to put on record their great appreciation of the work of Sir Maurice Hankey and other members of the British Secretariat. They consider that his efficiency and that of his staff have contributed in an invaluable degree to the success of the Conference, and they hope that his assistance may be available at future sessions for many years to come. The Prime Minister of the United Kingdom and his colleagues also desire to express on behalf of the British Secretariat their warm acknowledgment of the cordial and most efficient co-operation of the Dominion and Indian representatives on the Secretariat.

## IRELAND

FOR the moment things are better in Ireland, an improvement due to the much discredited Act. The changes involved by that measure have affected conditions which threatened to become chronic. To begin with, an obvious occasion was provided for a change at the Castle. Control of Irish affairs had practically passed from the Viceroy to the Secretary of State. Resolute, brave and loyal to subordinates as he is, Sir Hamar Greenwood has little perception of the deeper currents of British opinion which affect the course of events more than the wind or waves on its surface. He himself was largely in the hands of subordinates selected to execute a policy of force. The appointment of Lord Edmund Talbot as Viceroy under the title of Lord Fitzalan was quickly followed by signs that an anticyclone was at hand. On May 2 he was installed at the Castle. On the following day Mr. de Valera announced that the Dail Eireann would recognise the elections under the Act for the purpose of affording the people of Ireland a chance to record their opinion. The Irish Republic, he added, was willing to concede autonomy to the North in matters affecting the North alone. Sir James Craig replied by inviting Mr. de Valera to lead his quota on the Council of Ireland and there discuss all matters common to Ireland as a whole. Their positions were thus placed in antithesis, and the Dublin correspondent of *The Times* declared that the time was now ripe for a conference. On the same day Sir James Craig visited Dublin to see Lord

## Ireland

Fitzalan. It was presently known that Sir James Craig had allowed himself to be taken blindfold to Mr. de Valera's retreat, and that Mr. de Valera had asked for the meeting. On May 5 Captain Herbert Dixon, M.P., commended his leader's action in a speech at Belfast, and Sir James Craig announced that he stood for a policy of construction. Writing in the *Irish Independent* on May 7 Mr. de Valera, while asserting his claim to the Unity of Ireland, referred to Ulster in conciliatory terms.

Meanwhile the spirits of the storm seemed to regard this faint break in the cloud as a warning to redouble their energies. Wholesale destruction of property and life has never been greater than in May, June and the first eleven days of July.

Appeals from moderate quarters to suspend the Southern elections were rejected by the Government—wisely, as the event has shown. The appeals were based on the plea that moderates would not venture to offer themselves for election. The nominations which took place on May 12 proved that this forecast was true. For 128 seats four were moderates nominated by Trinity College “to work for a united Ireland.” The four members for the National University were of course nominated in the interest of Sinn Fein. The remaining 120 were candidates nominated by the Republican leaders. In Donegal one independent candidate was nominated, but withdrew at the last moment. The whole of the elections were thus uncontested. Several women were returned, including the Countess Markievicz, Mrs. O’Callaghan, wife of the murdered Mayor of Limerick, and Mrs. Pearse, the mother of the leader of the Easter rebellion.

These figures tell their own tale. No one with an elementary knowledge of Irish opinion supposes that 97 per cent. of the electorate of Southern Ireland are in favour of continuing the struggle until the six Northern counties have accepted a republican status, with such measure of local autonomy as a republican Government might see fit

## Ireland

to concede. Those in Southern Ireland, who recognise that this would open a fresh and more deadly chapter of war, and are anxious for a settlement more stable because more moderate, are vastly in excess of 3 per cent. The followers of Lord Midleton are estimated at from three to four hundred thousand, and unless the members for Trinity sit in the Dail the old Unionist and Nationalist parties will remain without a single spokesman. Labour, moreover, is little if at all represented in the selection prescribed by Sinn Fein. As Mr. Stephen Gwynn remarked some weeks later (*Observer*, July 24), "No real revolutionary believes in self-determination any more than Lenin or Trotsky did. They believe in the right of a determined minority to guide. The weaker brothers may be more numerous; but they must not be the determining factor in self-determination."

In the North of Ireland there were 52 seats grouped under proportional representation into 8 constituencies. These were contested by 77 candidates in all. At the elections which took place on May 24, 40 Unionists were returned, 6 Republicans, and 6 Nationalists, followers of Mr. Devlin. These 12 were all pledged not to sit in the Northern Parliament but to join the Dail Eireann elected in the South. The result, far more favourable to the Unionists than the Local Government elections of 1920 had led either party to expect, was ascribed by the *Irish Bulletin* to intimidation. We have no means of verifying charges made by the propaganda department of Sinn Fein. Fears that the elections would occasion widespread disturbances were not realised. Some faction fights took place, not only between the followers of Craig and their opponents, but also between those of de Valera and Devlin.

On the following day, May 25, the Dublin Custom House, designed in the eighteenth century by James Gandon and perhaps the finest building in Ireland, was burned to the ground by orders of the Dail Eireann. The *Irish Bulletin* was at some pains to justify the act on the ground that the

## Ireland

destruction of the revenue and local government records would paralyse government. Opinion in Ireland received a perceptible shock and several papers had the courage to protest. On the 28th Government announced its intention of greatly strengthening the troops in Ireland which already numbered no less than 50,000.

On June 7 the opening of the Ulster Parliament was attended by the 40 Unionist members and Sir James Craig assumed office as Prime Minister, with Mr. Pollock as Minister of Finance, Sir R. Dawson Bates in charge of Home Affairs, Mr. J. M. Andrews as Minister of Labour, Lord Londonderry as Minister of Education, and Mr. E. M. Archdale as Minister of Agriculture and Commerce. At a public luncheon Lord Fitzalan commented on the fact that young men were taught by their leaders not to regard murder as a sin. Dealing with the question of unauthorised reprisals his remarks were no less courageous and weighty :—

The force in this country commonly called the “ Black and Tans ” are accused of committing serious and grave crimes. Yes ; but it is unjust to say that because crimes have been committed the whole force should be, so to speak, charged as being guilty of these crimes. That is not justice. It is true—let us be frank about these things—that crimes, horrible crimes, have been committed by members of this force. You may find explanations, but there is no excuse for any force committing these crimes. Provocation ? Yes. Explanation ? Yes. This force was hastily enlisted and hurriedly set to work without proper discipline. Mistakes, no doubt, have been made owing, perhaps, to the great hurry. None the less these crimes have been committed, but not by the force as a whole, and I shall be very much surprised if we hear in the future of any such offences being committed by them again.

Even more important was the passage in which he went on to say that the Act constituting the new Government wanted amending already. He would not be surprised, he added, if it was amended in the near future.

To these words Lord Donoughmore drew attention in

## Ireland

the House of Lords on June 16. In view of the new position they created, he asked the Government to say what amendments to the Act they would introduce, and argued in favour of making once for all every concession which could in practice be made. Several Peers followed in support and the debate was adjourned on the motion of Lord Salisbury till June 21.

In *The Times* of June 21 a letter was published by 19 members of the Senate of Southern Ireland\* declaring that the Act gave insufficient powers, and ought to be amended as forecasted by the Viceroy. They declined to take any part in Crown Colony Government. A sharp division in the Cabinet was announced in the same issue. Sir Hamar Greenwood was named as the champion of repression, Lord Birkenhead as the advocate of conciliation. The Prime Minister was to return from Chequers that afternoon and decide the issue at a Cabinet meeting upon which the continued unity of the Government might depend. As the public was mystified by the sequel, it is well to mention that no Cabinet meeting was held on June 21. The policy of the Government had been settled at a series of Cabinet meetings some time before.

That afternoon the debate was resumed by Lord Salisbury in a speech opposed alike to the policy of the motion and that of the Government. He was followed by Lord Desart and the Earl of Dunraven, both in support of Lord Donoughmore's motion. The Lord Chancellor then rose to reply, and in view of the reports published that morning his speech came as a surprise. Lord Fitzalan, he said, had announced no change of policy but had only referred to minor amendments. Lord Donoughmore had said that no

\* Desart, De Freyne, Donoughmore, Dunraven, W. J. Goulding, Granard, Holmpatrick, Inchiquin, Walter M. Kavanagh, Kenmare, Mayo, Bryan Mahon, Midleton, Oranmore and Browne, Powerscourt, Rathdonnell, Sligo, Thomas Stafford, Wicklow.

The following did not sign: The Lord Chancellor, the Archbishops of Armagh and Dublin, Lord Cloncurry, Lord Meath, Mr. L. A. Waldron, Lord Westmeath, and the Lord Mayors of Dublin and Cork.



## Ireland

parliament in the Empire would accept the financial provisions of the Act. Ulster had accepted them.

We must here pause in our account of the speech to remark that this statement requires some qualification. The fundamental position of the Ulster members in the Imperial Parliament has always been that they desire no change in the existing union. Yielding to the urgency of the Government they accepted the proposals now embodied in the Act. Though not satisfied with the financial provisions they withheld their criticism so as not to embarrass the Government to which they had given their support. But Lord Birkenhead must be aware that those in charge of the Ulster finances do not believe that revenues have been placed at their disposal adequate to the duties imposed on them. Averse to measures involving customs barriers between Great Britain and Ireland, financial experts in the North hold that in the initial stages at any rate more revenue must be placed at its disposal than the Act provides. Lord Birkenhead's answer was true only in form.\*

44.17.

Returning now to his speech, he went on to affirm that "the actual fundamental fact of the situation is the difference between North and South." He admitted the failure of military methods in the last few months, but asserted that Government was prepared to take whatever measures might be required to redress this failure. If in fiscal matters Great Britain, Northern and Southern Ireland were made independent of each other by statute, the voters in all three areas would refuse to accept the position. Mere financial obstacles to a settlement within the Empire would not be allowed to stand in the way. But the claims of Sinn Fein had never been put on mere grounds of finance. And how was the Government to find any one with whom to make the terms proposed?

There will be no peace till an adjustment is made, if indeed

\* See below.

## Ireland

that be possible, with those actually carrying on, or inspiring, the policy of violence. Government has been asked,' he went on to say, 'to put their cards on the table. In other words, it is said, our intentions should be clearly and conclusively made plain. It is our deliberate judgment that any financial arrangement which would produce the kind of competition in the field of tariffs which I have indicated, or was likely to lead to a repudiation by the Parliaments of Ireland of her share in the National Debt would be mischievous, unsound and indefensible.'

Deeper still was the note of gloom upon which the Lord Chancellor closed :—

When I am asked if there is any hope, I reply that while none can be assigned for a week or a month, and perhaps for many months, we may nevertheless discover some reassurance in the history of our long relations with Ireland. . . . I would remind those who doubt, at this time or another, of the fortunes of the struggle, of those moments, frequently recurrent, charged with gloom, in the great war in which no man could confidently state the moment of success, though few of our blood doubted the ultimate certainty of success. I profoundly hope that even at the eleventh hour wiser counsels will prevail, but should we be forced to the melancholy conclusion that by force, and by force alone can these mischiefs be extirpated, it is a conclusion which, however sorrowfully, we shall accept, and upon which we shall not hesitate logically and completely to act.\*

On June 22 the King and Queen were welcomed in Belfast with a passion and enthusiasm which republican Ireland has not attempted to minimise. In the actual terms of the speech which the King addressed to the Parliament of Ulster there is nothing which cannot be reconciled with those of Lord Birkenhead's speech. But the tone was utterly different, and His Majesty's words fell like chords from a 'cello on ears which had just been listening to the rattle of drums.

**The eyes of the whole Empire are on Ireland to-day—that Empire in which so many nations and races have come together in spite of ancient feuds, and in which new nations have come to birth**

\* Lord Birkenhead's explanation will be found in a speech delivered in the House of Lords on August 10.

## Ireland

within the life-time of the youngest in this hall. I am emboldened by that thought to look beyond the sorrow and the anxiety which have clouded of late my vision of Irish affairs. I speak from a full heart when I pray that my coming to Ireland to-day may prove to be the first step towards an end of strife amongst her people, whatever their race or creed.

In that hope I appeal to all Irishmen to pause, to stretch out the hand of forbearance and conciliation, to forgive and to forget, and to join in making for the land which they love a new era of peace, contentment and goodwill. It is my earnest desire that in Southern Ireland, too, there may ere long take place a parallel to what is now passing in this hall ; that there a similar occasion may present itself and a similar ceremony be performed.

For this the Parliament of the United Kingdom has in the fullest measure provided the powers ; for this the Parliament of Ulster is pointing the way. The future lies in the hands of my Irish people themselves. May this historic gathering be the prelude of a day in which the Irish people, North and South, under one Parliament or two, as those Parliaments may themselves decide, shall work together in common love for Ireland upon the sure foundation of mutual justice and respect.

The Prime Minister was quick to perceive that these words vibrated in unison with the public mind. He instantly telegraphed to Sir James Craig a message containing a sentence the importance of which has been scarcely noticed : "The Government of Ireland Act has put the future of Ireland in the hands of her own people, provided only that Southern Ireland renounces its claim to secession from the Empire."

And so that eventful day passed. In the privacy of their homes a reticent people prayed for their King and Queen as they took their risks, and broke into open thanksgiving when the following day restored them in safety to English shores. Their feelings were fitly expressed in the Prime Minister's message to the King published in the Press on the following day :

June 24.—None but the King could have made that personal appeal ; none but the King could have evoked so instantaneous a response. *No efforts shall be lacking on the part of your Ministers to bring Northern and Southern Ireland together in recognition of a*

## Ireland

*common Irish responsibility*; and I trust that from now onwards a new spirit of forbearance and accommodation may breathe upon the troubled waters of the Irish question.

His Majesty replied: The Queen and I have received with warm gratitude your message of congratulation upon the happy conclusion of our visit to Belfast.

We are moved beyond expression, not only by the enthusiastic greeting given to us in North Ireland, but also by the general reception in all quarters of the words which I spoke, and spoke with all my heart.

Those services to my people, to which you so generously refer in your message, will be more than amply rewarded if they assist in any way the efforts of my Government to bridge over the unhappy differences standing between the Irish people and that peaceful settlement for which the whole English-speaking world so earnestly looks.

That night a courier was on his way to Dublin with the following letter to the Republican leader, while another was travelling to Belfast with a letter in similar terms to Sir James Craig.

10, Downing Street, S.W.

June 24, 1921.

SIR,—The British Government are deeply anxious that, so far as they can assure it, the King's appeal for reconciliation in Ireland shall not have been made in vain. Rather than allow yet another opportunity of settlement in Ireland to be cast aside, they feel it incumbent upon them to make a final appeal, in the spirit of the King's words, for a conference between themselves and the representatives of Southern and Northern Ireland.

I write, therefore, to convey the following invitation to you as the chosen leader of the great majority in Southern Ireland, and to Sir James Craig, the Premier of Northern Ireland:—

1. That you should attend a conference here in London, in company with Sir James Craig, to explore to the utmost the possibility of a settlement.
2. That you should bring with you for the purpose any colleagues whom you may select.

The Government will, of course, give a safe conduct to all who may be chosen to participate in the conference.

We make this invitation with a fervent desire to end the ruinous conflict which has for centuries divided Ireland and embittered the relations of the peoples of these two islands, who ought to live in

## Ireland

neighbourly harmony with each other, and whose co-operation would mean so much, not only to the Empire, but to humanity. We wish that no endeavour should be lacking on our part to realise the King's prayer, and we ask you to meet us, as we will meet you, in the spirit of conciliation for which His Majesty appealed.

I am, Sir,

Your obedient servant,

E. de Valera, Esq.

D. LLOYD GEORGE.

But the Prime Minister had already given earnest of the promise made in his message to the King. On the evening of the day that His Majesty visited Belfast Mr. de Valera was taken in a raid on a house at Blackrock. Having changed his appearance he remained unrecognised till the prisoners were examined at the barracks. The capture was reported to Downing Street and orders were returned with equal promptitude to release him. The proverbial accident which blights the hopes of Irish peace at the eleventh hour was in this case avoided, and the Republican leader was set free to receive before many hours had passed the momentous letter as the leader of his party.

The new departure was greeted with general approval by the Liberal and Labour leaders and press. All parties in Great Britain were thus united on the Irish question as never before. A world of blood and tears will be saved if this unity is maintained.

Sir James Craig lost no time in replying that the letter from Mr. Lloyd George should be laid before his cabinet on the following Tuesday, June 28. On that day they resolved to accept the invitation, and informed Mr. Lloyd George that the whole cabinet, with the exception of the Minister for Home Affairs, would accompany their chief. Mr. de Valera's answer was also telegraphed to Mr. Lloyd George on June 28. His message was to the effect that he saw no hope of peace "if you deny Ireland's essential unity and set aside the principle of national self-determination. Before replying more fully to your letter I am seeking a conference with certain representatives of the political minority in this country."

## Ireland

He also published the following letter :—

To Sir James Craig,  
The Earl of Midleton,  
Sir Maurice E. Dockrell,  
Sir Robert H. Woods,  
Mr. Andrew Jameson.

A CHARA,—The reply which I, as spokesman for the Irish nation, shall make to Mr. Lloyd George will affect the lives and fortunes of the political minority in this island, no less than those of the majority.

Before sending that reply, therefore, I would like to confer with you and to learn from you at first hand the views of a certain section of our people of whom you are representative.

I am confident that you will not refuse this service to Ireland, and I shall await you at the Mansion House, Dublin, at 11 a.m. on Monday next in the hope that you will find it possible to attend.

Mise,

(Signed) ÉAMON DE VALERA.

On the same day, June 28, the formal opening of the Southern Parliament was attended by the four members for Trinity and the members of the Senate. The members were informed that the Southern Parliament could not be constituted unless the oath were taken by at least half the members within fourteen days.

Mr. de Valera's invitation was accepted by all the Unionists except Sir James Craig, who declined on the ground that he had already accepted Mr. Lloyd George's invitation to meet Mr. de Valera in London. It must be remembered that Sir James Craig had not hesitated to see Mr. de Valera in Dublin, though he had to be taken to his presence with a bandage round his eyes. To see him there, as Prime Minister of Northern Ireland, after he had accepted Mr. Lloyd George's invitation to meet him in London, would have been taken in Ulster as tantamount to conceding his whole position before the first word of negotiations had been spoken. Sir James Craig would have lost control of his followers at the very moment when, in the interests of peace, it was most important to maintain that control. If Mr. Lloyd George, Sir James Craig and Mr. de Valera

## Ireland

had nothing to consider but their own personal views and feelings they could probably agree within twenty-four hours. Had the representatives of the Allies in Paris been able to speak for themselves alone, they might easily have framed an excellent peace. As it was each was obliged to consider a public opinion inflamed by passion and blind to any case but its own. And so it is in the case of Ireland.

Mr. de Valera's rejoinder to Sir James Craig's refusal was as follows :—

Mr. Lloyd George's proposal, because of its implications, is impossible of acceptance in its present form. Irish political differences ought to be adjusted, and can, I believe, be adjusted, on Irish soil ; but it is obvious that in negotiating peace with Great Britain the Irish delegation ought not to be divided, and should act as a unit on some common principle.

De Valera's invitation was accepted by Lord Midleton and the other Unionists to whom it had been addressed. On June 30 several of the Sinn Fein leaders, including Professor John McNeill and Mr. Griffiths, were released on the initiative of the Government, which desired no doubt that de Valera should have every opportunity of discussing the situation with the other leaders of his party.

The meeting between the Republican leader and the Southern Unionists took place on Monday, July 4. A passionate desire for peace could be read between the lines of the Irish Press, free once more to reflect the real trend of public opinion. The verdict of private observers all points in the same direction. But the spectacle of hundreds in the vast concourse which surrounded the Mansion House during the conference kneeling in prayer is evidence of a more unmistakable kind. The conference adjourned till Friday, July 8. Lord Midleton at once returned to London, saw the Prime Minister and reported that the situation was not without hope. From subsequent events we know that the conference turned upon whether de Valera would meet Mr. Lloyd George and on the question of a truce.

## Ireland

The conference was quickly followed by a visit from General Smuts, who arrived in Dublin on Tuesday, July 5, and was back in London on Thursday. The desire widely expressed in Ireland that General Smuts should visit Dublin, in response to which the visit was made, can be readily understood. General Smuts had been one of the leaders in a desperate struggle to maintain for his country the status of a republic independent of the British Commonwealth. He and General Botha had helped to settle the terms of peace at Veerining, to find themselves a few years later in a position of greater authority in the Transvaal than they had filled under President Kruger. General Smuts is now ruler of all South Africa and the strong exponent of a policy which asserts on the one hand its independence as an international unit, and on the other hand the maintenance of its place in the British Commonwealth on a footing of equality with Great Britain. And in this he is supported by a majority which includes British as well as Dutch. What passed between him and de Valera may never be revealed even to historians. But his record is so well known that Irishmen must have been able to foresee the direction which his counsels would take, and the demand for his presence in Dublin was evidence of the widespread anxiety for peace, which was further attested by the *Times* correspondent. He added that for some days there had been no reprisals, official or otherwise. He observed next day (July 7) that Sinn Fein was discovering that Ireland cared more for unity than for a republic. A stage had been reached at which Ireland began to think for itself, when it mattered not only what Sinn Fein thought, but also what Ireland thought. It was clear too that this nascent public opinion demanded a truce to the ferocities which Republicans and Loyalists continued to perpetrate on each other in South and North. At the Liverpool celebrations in honour of the Prince of Wales Sinn Fein flags were intertwined with the Union Jack "by orders from Dublin."



## Ireland

On July 7 the following letter was addressed to Lord Midleton by Mr. Lloyd George :—

In reference to the conversation I had with you this morning, the Government fully realise that it would be impossible to conduct negotiations with any hope of achieving satisfactory results if there is bloodshed and violence in Ireland. It would disturb the atmosphere and make the attainment of peace difficult.

As soon as we hear that Mr. de Valera is prepared to enter into conference with the British Government and to give instructions to those under his control to cease from all acts of violence, we should give instructions to the troops and to the police to suspend active operations against those who are engaged in this unfortunate conflict.

Next day de Valera resumed his conversations with Lord Midleton and his colleagues, and again the Mansion House was surrounded by kneeling crowds. The conference was adjourned to allow of the attendance of Sir Nevil Macready. The description given by the *Irish Bulletin* (Vol. 5, No. 32 of July 14, page 5) of the scene which greeted his arrival is interesting. "His arrival was regarded by the thousands gathered outside the building as conclusive evidence of the cessation of the terror which for twelve months he has directed, and as he mounted the steps cheering broke from the people." But the terror established by General Macready's forces was not the only terror from which the Dublin crowd yearned for release.

A special issue of the *Irish Bulletin* published at 9 p.m. made the following announcement :—

At its previous session the conference had expressed the view that it would be impossible to conduct negotiations with any prospect of achieving satisfactory results unless there was a cessation of bloodshed in Ireland. A letter from Mr. Lloyd George was read concurring in this view, and indicating the willingness of the British Government to consent to a cessation of active operations on both sides. . . . It is expected that an announcement of a truce to take effect on Monday next will be made early to-morrow.

## Ireland

De Valera's willingness to meet the Prime Minister in London was signified in the following letter :—

Mansion House, Dublin.

*July 8, 1921.*

The Right Hon. David Lloyd George,  
10, Downing Street.

SIR,—The desire you express on the part of the British Government to end the centuries of conflict between the people of these two Islands and to establish relations of neighbourly harmony is the genuine desire of the people of Ireland.

I have consulted with my colleagues, and secured the views of representatives of the minority of our nation in regard to the invitation you have sent me. In reply, I desire to say I am ready to meet and discuss with you on what basis such a conference as that you proposed can reasonably hope to achieve the object desired.

I am, sir,

Faithfully yours,

EAMON DE VALERA.

On Saturday, July 9, a truce to come into force at noon on the following Monday was announced. De Valera issued a proclamation briefly calling upon his followers to obey the truce and closing with the words, "Should force be resumed against our nation, you must be ready on your part once more to resist. Thus alone will you secure the final abandonment of force, and the acceptance of justice and reason as the arbiter." That day Lord Derby announced to a Unionist gathering that he would support a settlement providing for complete control of taxation by Ireland on condition that Irish obligations for the National Debt were properly recognised. On Monday the Prime Minister's answer to de Valera was conveyed in the following telegram :—"I have received your letter of acceptance, and shall be happy to see you and any colleagues whom you wish to bring with you at Downing Street any day this week. Please wire the date of your arrival in London."

For the moment, however, the issues of peace or war were felt to depend less on the conference than on the question whether the truce would be operative. In

## Ireland

Dublin the omens were good. There the troops and even the Auxiliaries fraternised with the crowds in the streets. In the North and South the outlook was exceedingly black. July 12, the anniversary of the Battle of the Boyne, is always a perilous season in Belfast, and trouble there was already in full swing. On July 6 three Catholics were murdered in the neighbourhood of Newry. On the same day two constables on duty in Belfast were attacked by a party of the I.R.A. and seriously wounded. On July 9 one constable was killed and two others wounded in a Crossley tender, while patrolling the streets after curfew. Reinforcements arrived, and heavy firing then took place in the dark. At dawn on Sunday a number of houses in the area affected were found to be on fire. Desultory firing continued during the morning, and serious riots broke out in the afternoon. That day no fewer than 15 persons lost their lives. Many others were killed and wounded in the disturbances which continued all that week. Mr. Grant, a Labour member of the Ulster Parliament, who was trying to restore order, was shot through the body, but is now recovering. Numerous houses were burned in the Catholic quarter. As usual in such conditions, the criminal element broke loose and took to looting. In the course of the week the town was occupied by troops. A significant fact was the withdrawal of the Special Constabulary, a force said to be recruited mainly from Orangemen. The members of the new Government were strenuous in their efforts to prevent disorder.

Elsewhere in Ireland the reign of violence seems to have stopped dead at noon on July 11. The following announcement appeared in the *Times* of the 12th :—

The last two days before the truce were, unhappily, fruitful in deeds of violence and crime. Most of these acts were committed in the South of Ireland. They include the murder of Mr. George B. O'Connor, a well-known citizen of County Cork, who formerly was active in Unionist politics, and was a candidate for one of the divisions of the City of Dublin.

## Ireland

Last night, according to an official report, a curfew patrol, while on duty in Castle Island, County Kerry, was attacked by a large number of armed civilians. Three of the soldiers were killed, and three others were wounded. The military believe that four of the rebels were killed.

At 8.30 this morning Constable A. T. Clarke, while walking to his lodgings in Skibbereen, was attacked by four armed men and shot dead. He was a married man with 34 years' service in the force. At 3.30 this morning a police patrol was ambushed at Bailieboro, Co. Cavan, and a constable was wounded in the eye. The police pursued their attackers and wounded and arrested two of them.

On Saturday night five armed men called at a house near Clonmel, Co. Tipperary, and asked for Michael Dillon, an ex-soldier. Dillon did not come out, and the raiders fired into the house, killing Dillon's 15-year-old sister, Bridget, who was standing inside the door.

At half-past ten o'clock last night four unarmed soldiers were kidnapped in the streets of Cork. At 10 o'clock this morning their dead bodies were found in a field near St. Fin Barr's Cemetery. Three of them had been blindfolded, and all had been killed by shots. Two of the soldiers belonged to the South Staffordshire Regiment.

This morning, at 3 o'clock, John Paynton, a farmer, of Kilbride, Portarlinton, was taken from his bed and shot dead by two armed and masked men. The body of a man found near Tullamore yesterday has been identified as that of Eric Stedman, an ex-soldier, of Birmingham. He had been shot dead.

Private Letter, of the Machine Gun Corps, who was unarmed, was shot dead last night near Doneraile, County Cork. Sergeant James Kenny, R.I.C., was shot dead this morning by two unknown men in Castlerca.

On July 14 the *Irish Bulletin* referred to the matter in the following terms :—

*Brisk fighting on the eve of truce.*

Fighting continued right up to the stroke of 12 noon on July 11. In the thirty-six hours from midnight on the 9th to the beginning of the truce there were thirty-four engagements, and it was in these hours that more than half the casualties suffered by the British forces in the eight and a half days were inflicted.

On July 14 Mr. de Valera, who had now reached London with several of his colleagues, was closeted alone for two hours and a half with Mr. Lloyd George. Their conversa-

## Ireland

tion was renewed next day, and, as in Dublin, Irish crowds were to be seen kneeling in the streets outside the Prime Minister's house. In the afternoon the Prime Minister had a talk with Sir James Craig. His third meeting with Mr. de Valera took place on the following Monday (July 18), and he afterwards saw the Ulster Cabinet. Throughout these days Mr. de Valera, in various interviews and announcements, continued to assert his fundamental claims to independence, self-determination, and the right to control Ulster, in terms which were more or less vague. On the 19th, Sir James Craig and his colleagues, leaving Lord Londonderry to watch their case, returned to Belfast, after publishing the following communication :—

I am returning home well satisfied with the efforts being made towards peace. Mr. de Valera has broken silence and cleared the ground by his statement to this (Monday) morning's Press that he proposes to found his claim upon the recognition of the right of "self-determination." By an overwhelming majority at our recent election—the constitutional method of expressing "self-determination"—the people of Northern Ireland have "determined" their own Parliament, which was opened by his most gracious Majesty in person.

Mr. de Valera and his colleagues have already admitted the right of such "self-determination" on the part of Northern Ireland by the fact that they themselves stood as candidates for the Northern Parliament, and submitted their policy of "no partition." This was the only issue placed before the electorate, and "no partition" was rejected by the largest majority which, as far as I am aware, has ever been secured at a general election in any part of the world.

Such being the true facts, it now merely remains for Mr. de Valera and the British people to come to terms regarding the area outside of that of which I am Prime Minister. The people of Northern Ireland, on behalf of whom I speak, while claiming in the the most absolute way possible—as has been done—to "determine" their own fate, *do not make any claim whatever to "determine" the terms of settlement which Great Britain shall make with Southern Ireland.*

When this is accomplished I can promise cordial co-operation on equal terms with Southern Ireland in any matters affecting our common interest. Having reached the present stage I go back to Ireland to carry on the practical work of government. I feel that our

## Ireland

interests are ably represented in the Imperial Parliament, and, of course, our services are available at any moment.

This announcement, accepted without protest by his followers, will rank as a master stroke on the part of the leader who made it. The words printed in italics may well prove the greatest and most definite step yet taken in the settlement of the Irish question. So far Ulster has always claimed the right to set limits to the degree of autonomy accorded to the rest of Ireland, just as the South has always insisted on the right to subject Ulster to an all-Irish majority. In these words the first Government of Ulster once for all abandons the claim. It sets the British Government free to make what terms it will with the South, provided that those terms do not affect the statutory powers given to the North. We had hopes that Sir James Craig, when able to speak as accredited ruler of Northern Ireland, might have got into touch with the leaders of Sinn Fein and have outlined terms which North and South could have agreed to present to the British Government as a basis of settlement. But the action of Mr. de Valera in treating the Prime Minister of Northern Ireland on exactly the same footing as four Unionists specified by himself with no official position whatever closed that avenue. The Republican leader, determined to insist on his claim to speak for the whole of Ireland, so handled the matter that preliminaries had to be discussed between himself and the British Government and certain agreements had to be arrived at before he would consent to meet the Government of the North. Accordingly the British Cabinet sat for hours on the afternoon of July 20 to decide what terms should be offered. The decision was communicated to Mr. de Valera next day, who returned with his colleagues to Dublin. When asked to address a crowd from the Mansion House steps he vouchsafed the following words :—

This is not a time for talk. We have learned one magnificent

## Ireland

lesson in Ireland in the last couple of years, and that is that it is by acts, and not by talk, that a nation will achieve its freedom. I do not want, therefore, to begin a bad example by starting speech-making. If we act in the future as we have acted for the last couple of years we will never have to talk about freedom, for we will have it.

According to the *Times* (July 23) the wish was expressed by Mr. de Valera that the terms might not be published until he had fully consulted his colleagues. They were sent of course to the Ulster Cabinet, and before these lines are printed off our readers will probably know what they are.

In answer to a question put by Lord Salisbury in the House of Lords on July 27, the Lord Chancellor outlined the course of the negotiations.

Some days ago (he said) summarised but, he hoped, intelligible proposals were made by the Government to the representatives of Southern Ireland which it was hoped might serve as a basis of reconciliation and of peace. If the terms were accepted, it would be necessary to embody them in the form of an Act of Parliament, and they would be discussed in that form. If the proposals were accepted, they would be in no way anxious to postpone discussion on matters indicated by Lord Salisbury, and would not only welcome but challenge criticism. If, on the other hand, the proposals were not accepted, it would be necessary that Parliament and the country, and the world in general, should be acquainted with the nature and statement of those proposals which had been addressed to the representatives of Southern Ireland.

The matters contained in the proposals (he continued) are of high consequence, and will be much discussed. Our position as a Government is, of course, plain. We shall recommend them, if they be accepted elsewhere, to Parliament as our proposals. We shall either meet with the necessary support for them in Parliament or we shall fail. If we fail naturally it will be proper for us to consider whether the necessary support is likely to be forthcoming elsewhere.

The hint that an appeal might be made to the country referred doubtless to the secession of several Unionist members from the Coalition supporting the Government. So far, however, the movement has not been on a scale likely to threaten its position. In continuing the discussion

## Ireland

Lord Crewe asked : "Then it is not a case of definite terms, and take them or leave them ?" "No," was the Lord Chancellor's reply, "that is not so." From these words we need not, however, infer that the Government has offered anything short of the most generous terms which any British Government could offer and also deliver. Proposals at this stage must of necessity be made in outline. If the outline is accepted there is ample room for give and take in the settlement of the details.

The key to the Ulster position will be found in the pronouncement made by Sir James Craig, the text of which is given above. The Northern community has finally renounced all claim to question or meddle with any terms offered to the South. But the feeling roused by the ruthless struggle of the last two years seems to preclude all hope that Ulster will commit herself at this stage to partnership with the South. In the *Daily Telegraph* for August 5 its Belfast correspondent makes the following remarks :—

If the South of Ireland accept fiscal autonomy and the Government gives the South more money, Ulster has an obvious right to demand reconsideration of her financial position. Her share of the Imperial liabilities—44 per cent. of £18,000,000 for each of the first two years—was fixed at a time of inflated war prosperity, when Belfast industries were booming. To-day they are feeling the trade depression which is world-wide, and the revision of the financial provisions of the Act will be due to Ulster if the South gets fiscal autonomy. The North of Ireland is not keen on fiscal autonomy for any part of Ireland, but this question will not be a stumbling block to fiscal peace so far as Ulster is concerned, provided the Parliament is left alone.

In the issues of the *Daily Telegraph* of August 4 and 5 it is indicated that Mr. de Valera has tried through an intermediary to arrange a meeting with Sir James Craig in Ireland. The *Morning Post* of August 5 states that "there is a formal minute of the Ulster Cabinet which puts on record that any conference must be held in accordance with the terms of the British Premier's invitation." In



## Ireland

other words Sir James Craig has offered to meet Mr. de Valera with Mr. Lloyd George in London in accordance with the original invitation issued by the latter and will not depart from that position. Meanwhile Mr. de Valera has summoned the Dail Eireann for August 16 to discuss the terms. Mr. de Valera adopts the line that the members elected for the North as well as the South are members of the Dail and will summon them accordingly. The six Republican and six Nationalist followers of Mr. Devlin will respond. The Unionist members are pledged to ignore the summons.

A welter of propaganda fills the papers on either side, but the various statements quoted above may be taken as substantially correct. A strike on the Irish railways is also threatened, which will scarcely improve the prospects of peace if once it begins. A latent antagonism between Labour and Sinn Fein is another disturbing factor.

But a serious hitch has occurred at the moment of our going to press. On the 7th it was announced that Government would release all members of the Dail in confinement, with the single exception of Mr. J. J. McKeon, who has been convicted of murder. The other 38 have been released. McKeon's crime was that of shooting a District Inspector who was at the head of a party who had come to arrest him. Members of the Auxiliary Police force testified at his trial that he had refused to allow wounded men to be shot in cold blood by members of the I.R.A. It is stated that unless McKeon is released, either the Dail will refuse to meet, or, if it meets, that the atmosphere will render a settlement impossible. It is even added that Sinn Fein may possibly give forty-eight hours' notice to terminate the truce.\*

If once the peoples of North and South are severally established, each as the masters of their own house, the Union of Ireland under one autonomous Government might be established in a few years just as the Union

\* McKeon was released on August 9.

## Ireland

of South Africa is. If the leaders of the South can accept no settlement now which does not bring Ulster within the jurisdiction of Dublin, there will be no settlement ; and the child is not yet born who will live to see a united Ireland. You cannot make peace by opening a fresh and bloodier chapter of war. Under British institutions, with one virtual exception, the junction of self-governing units has never been effected by an Act of Parliament over-riding the will of one of the communities joined. The Union of Great Britain and Ireland is that one virtual exception, despite the fact that the legal consent of the Irish Parliament was managed. The precedent is too ominous to be followed again. We may safely add that it never will be followed. With Ireland as with America, England attempted to base her relations on a principle contrary to her own being. She tried to unite by force what could only be united by conscious consent deliberately given. She tried the impossible, and to-day Ireland is the grave of her first opportunity. She knew not the day of her visitation.

Restraint is the first duty of anyone who, at this juncture, writes or speaks on Irish affairs. In our narrative there is much that is left unsaid, and no reference is here made to some terrible facts now known to the public. Under normal conditions the first duty of the Press is to throw the fullest light on events. When a vast conflagration has been checked, naked lights are not to be carried by those who explore vaults which contain still unexploded barrels of powder. But if we are sparing of comment let us add that after following events closely since the last article was written we see no reason to modify the views it expressed. Our opinion of the general situation, of the remedies which ought to be tried, and of their possible effects is substantially unchanged.\* Whether those remedies have been applied, and, if so, what their effect will be remains to be seen.

\* Two points in the article on Ireland in our June number have been brought to our notice as requiring correction. The first

## Ireland

relates to the question of creameries. On page 503 we observed : "There is conflict of evidence as to the number damaged or destroyed. The *Irish Homestead*, the organ of the Irish Agricultural Organisation Society, in its issue of April 30, puts the number at 61, and also brings up to date the detailed statement of each case given in a previous pamphlet by 'Æ.' (Russell). An anonymous Loyalist, writing in the *Illustrated London News* of April 23, reduces the figure to 16 destroyed and 11 damaged." Exception has been taken to this statement as appearing to cast doubt on the accuracy of Mr. Russell's figures. A man in Mr. Russell's position who reveals his identity and prints details is entitled to the fullest credence as against the bare assertion of an anonymous writer. We had thought that the passage quoted above showed that we recognised this, and are sorry to find that this was not the case. Of course, we believe Mr. Russell, and shall continue to do so, unless his opponent can give equally detailed proof that the particulars given in the *Irish Homestead* were mis-stated, and will also sign his name. Incidentally we may remark that the policy of closing the creameries instead of wrecking them has since been adopted.

The second point which requires correction is on page 523, where we stated : "Five million pounds is sometimes mentioned in the North, as well as in the South, as a suitable figure" for the Irish contribution to Imperial expenses. We had here misunderstood the view which was expressed to us. We should have said that in Ulster five million pounds was suggested as a suitable contribution for all Ireland during the period of transition from the old order to the new. Our informant holds that after the first few years, when the new administration have found their feet and had time to gauge the value of the resources assigned to them, the Irish contributions ought to be ascertained by the Joint Exchequer Board as provided by the Act. We ask him to accept our apologies for this misunderstanding of his view.

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*Since this article went to press a reply has been sent by Mr. de Valera to the British Government's proposals. The proposals themselves and the reply together with Mr. Lloyd George's answer have now been published, as well as a letter from the Prime Minister of Northern Ireland, and another from General Smuts. The contents of all these*

## Ireland

*documents are set out below. The proposals represent the extreme limit in principle to which any British Government could go.*

*Mr. de Valera's reply is profoundly disappointing. To look upon it in any other light would be to shut one's eyes to one of the most stubborn facts in a unique situation. At the same time the correspondence which appears in this morning's press (August 15) does not preclude the hope that Mr. de Valera may still refrain from taking a course which would plunge his country once more into the horrors from which all of us hoped that she had finally emerged.*

## IRISH NEGOTIATIONS

### TEXT OF DOCUMENTS

#### I

### GOVERNMENT PROPOSALS

THE British Government are actuated by an earnest desire to end the unhappy division between Great Britain and Ireland, which have produced so many conflicts in the past, and which have once more shattered the peace and well-being of Ireland at the present time. They long, with his Majesty the King, in the words of his gracious speech in Ireland last month, for a satisfactory solution of "those age-long Irish problems which for generations embarrassed our forefathers, as they now weigh heavily upon us"; and they wish to do their utmost to secure that "every man of Irish birth, whatever be his creed and wherever be his home, should work in loyal co-operation with the free communities on which the British Empire is based."

They are convinced that the Irish people may find as worthy and as complete an expression of their political and spiritual ideals within the Empire as any of the numerous and varied nations united in allegiance to his Majesty's Throne; and they desire such a consummation, not only for the welfare of Great Britain, Ireland, and the Empire as a whole, but also for the cause of peace and harmony throughout the world. There is no part of the world where Irishmen have made their home but suffers from our ancient feuds; no part of it but looks to this meeting between the British Government

## Ireland

and the Irish leaders to resolve these feuds in a new understanding honourable and satisfactory to all the peoples involved.

The free nations which compose the British Empire are drawn from many races, with different histories, traditions, and ideals. In the Dominion of Canada British and French have long forgotten the bitter conflicts which divided their ancestors. In South Africa the Transvaal Republic and the Orange Free State have joined with two British Colonies to make a great self-governing Union under his Majesty's sway. The British people cannot believe that where Canada and South Africa, with equal or even greater difficulties, have so signally succeeded, Ireland will fail; and they are determined that, so far as they themselves can assure it, nothing shall hinder Irish statesmen from joining together to build up an Irish State in free and willing co-operation with the other peoples of the Empire.

Moved by these considerations, the British Government invite Ireland to take her place in the great association of free nations over which his Majesty reigns. As earnest of their desire to obliterate old quarrels and to enable Ireland to face the future with her own strength and hope, they propose that Ireland shall assume forthwith the status of a Dominion, with all the powers and privileges set forth in this document. By the adoption of Dominion status it is understood that Ireland shall enjoy complete autonomy in taxation and finance; that she shall maintain her own courts of law and judges; that she shall maintain her own military forces for home defence, her own constabulary and her own police; that she shall take over the Irish postal services and all matters relating thereto, education, land, agriculture, mines and minerals, forestry, housing, labour, unemployment, transport, trade, public health, health insurance, and the liquor traffic; and, in sum, that she shall exercise all those powers and privileges upon which the autonomy of the self-governing Dominions is based, subject only to the considerations set out in the ensuing paragraphs. Guaranteed in these liberties, which no foreign people can challenge without challenging the Empire as a whole, the Dominions hold each and severally by virtue of their British fellowship a standing amongst the nations equivalent, not merely to their individual strength, but to the combined power and influence of all the nations of the Commonwealth. That guarantee, that fellowship, that freedom the whole Empire looks to Ireland to accept.

To this settlement the British Government are prepared to give immediate effect upon the following conditions, which are, in their opinion, vital to the welfare and safety of both Great Britain and Ireland, forming as they do the heart of the Commonwealth:—

- I. The common concern of Great Britain and Ireland in the

## Ireland

defence of their interests by land and sea shall be mutually recognised. Great Britain lives by sea-borne food ; her communications depend upon the freedom of the great sea routes. Ireland lies at Britain's side across the sea-ways north and south that link her with the sister nations of the Empire, the markets of the world, and the vital sources of her food supply. In recognition of this fact, which nature has imposed and no statesmanship can change, it is essential that the Royal Navy alone should control the seas around Ireland and Great Britain, and that such rights and liberties should be accorded to it by the Irish State as are essential for naval purposes in the Irish harbours and on the Irish coasts.

II. In order that the movement towards the limitation of armaments which is now making progress in the world should in no way be hampered, it is stipulated that the Irish Territorial Force shall, within reasonable limits, conform in respect of numbers to the military establishments of the other parts of these islands.

III. The position of Ireland is also of great importance for the air services, both military and civil. The Royal Air Force will need facilities for all purposes that it serves ; and Ireland will form an essential link in the development of air routes between the British Isles and the North American continent. It is, therefore, stipulated that Great Britain shall have all necessary facilities for the development of defence and of communications by air.

IV. Great Britain hopes that Ireland will in due course, and of her own free will, contribute in proportion to her wealth to the regular naval, military, and air forces of the Empire. It is further assumed that voluntary recruitment for these forces will be permitted throughout Ireland, particularly for those famous Irish regiments which have so long and so gallantly served his Majesty in all parts of the world.

V. While the Irish people shall enjoy complete autonomy in taxation and finance, it is essential to prevent a recurrence of ancient differences between the two islands, and in particular to avert the possibility of ruinous trade wars. With this object in view, the British and Irish Governments shall agree to impose no protective duties or other restrictions upon the flow of transport, trade, and commerce between all parts of these islands.

VI. The Irish people shall agree to assume responsibility for a share of the present debt of the United Kingdom and of the liability for pensions arising out of the Great War, the share, in default of agreement between the Governments concerned, to be determined by an independent arbitrator appointed from within his Majesty's Dominions.

## Ireland

In accordance with these principles, the British Government propose that the conditions of settlement between Great Britain and Ireland shall be embodied in the form of a treaty, to which effect shall in due course be given by the British and Irish Parliaments. They look to such an instrument to obliterate old conflicts forthwith, to clear the way for a detailed settlement in full accordance with Irish conditions and needs, and thus to establish a new and happier relation between Irish patriotism and that wider community of aims and interests by which the unity of the whole Empire is freely sustained.

The form in which the settlement is to take effect will depend upon Ireland herself. It must allow for full recognition of the existing powers and privileges of the Parliament and Government of Northern Ireland, which cannot be abrogated except by their own consent. For their part, the British Government entertain an earnest hope that the necessity of harmonious co-operation amongst Irishmen of all classes and creeds will be recognised throughout Ireland, and they will welcome the day when, by these means, unity is achieved. But no such common action can be secured by force. Union came in Canada by the free consent of the Provinces. So in Australia ; so in South Africa. It will come in Ireland by no other way than consent. There can, in fact, be no settlement on terms involving, on the one side or the other, that bitter appeal to bloodshed and violence which all men of goodwill are longing to terminate. The British Government will undertake to give effect, so far as that depends on them, to any terms in this respect on which all Ireland unites. But in no conditions can they consent to any proposals which would kindle civil war in Ireland. Such a war would not touch Ireland alone, for partisans would flock to either side from Great Britain, the Empire, and elsewhere, with consequences more devastating to the welfare both of Ireland and the Empire than the conflict to which a truce has been called this month. Throughout the Empire there is a deep desire that the day of violence should pass, and that a solution should be found consonant with the highest ideals and interests of all parts of Ireland, which will enable her to co-operate as a willing partner in the British Commonwealth.

The British Government will therefore leave Irishmen themselves to determine by negotiations between them whether the new powers which the pact defines shall be taken over by Ireland as a whole and administered by a single Irish body, or taken over separately by a Southern and Northern Ireland, with or without a joint authority to harmonise their common interests. They will willingly assist in the negotiation of such a settlement, if Irishmen should so desire.

By these proposals the British Government sincerely believe that

## Ireland

they will have shattered the foundations of that ancient hatred and distrust which have disfigured our common history for centuries past. The future of Ireland within the Commonwealth is for the Irish people to shape.

In the foregoing proposals the British Government have attempted no more than the broad outline of a settlement. The details they leave for discussion when the Irish people have signified their acceptance of the principle of this pact.

(Signed) D. LLOYD GEORGE.

10, Downing Street, S.W.1. July 20, 1921.

## II

### MR. DE VALERA'S REPLY

(Official Translation.)

Office of the President, Dublin,  
Mansion House, Aug. 10, 1921.

The Right Hon. David Lloyd George,  
10, Downing Street, Whitehall, London.

SIR,—On the occasion of our last interview I gave it as my judgment that Dail Eireann could not, and that the Irish people would not, accept the proposals of your Government as set forth in the draft of July 20, which you had presented to me. Having consulted my colleagues, and with them given these proposals the most earnest consideration, I now confirm that judgment.

The outline given in the draft is self-contradictory, and “the principle of the pact” not easy to determine. To the extent that it implies a recognition of Ireland’s separate nationhood and her right to self-determination we appreciate and accept it. But in the stipulations and express conditions concerning the matters that are vital the principle is strangely set aside, and a claim advanced by your Government to an interference in our affairs, and to a control which we cannot admit.

Ireland’s right to choose for herself the path she shall take to realise her own destiny must be accepted as indefeasible. It is a right that has been maintained through centuries of oppression and at the cost of unparalleled sacrifice and untold suffering, and it will not be surrendered. We cannot propose to abrogate or impair it, nor can Britain or any other foreign State or group of States legitimately claim to interfere with its exercise in order to serve their own special interests.

The Irish people’s belief is that the national destiny can best be realised in political detachment, free from Imperialistic entangle-



## Ireland

ments, which they feel will involve enterprises out of harmony with the national character, prove destructive of their ideals, and be fruitful only of ruinous wars, crushing burdens, social discontent, and general unrest and unhappiness. Like the small States of Europe, they are prepared to hazard their independence on the basis of moral right, confident that as they would threaten no nation or people, they would in turn be free from aggression themselves. This is the policy they have declared for in plébiscite after plébiscite, and the degree to which any other line of policy deviates from it must be taken as a measure of the extent to which external pressure is operative and violence is being done to the wishes of the majority.

As for myself and my colleagues, it is our deep conviction that true friendship with England, which military coercion has frustrated for centuries, can be obtained most readily now through amicable but absolute separation. The fear, groundless though we believe it to be, that Irish territory may be used as the basis for an attack upon England's liberties can be met by reasonable guarantees not inconsistent with Irish sovereignty.

"Dominion status" for Ireland every one who understands the conditions knows to be illusory. The freedom which the British Dominions enjoy is not so much the result of legal enactments or of treaties as of the immense distances which separate them from Britain and have made interference by her impracticable. The most explicit guarantees, including the Dominions' acknowledged right to secede, would be necessary to secure for Ireland an equal degree of freedom. There is no suggestion, however, in the proposals made of any such guarantees. Instead, the natural position is reversed; our geographical situation with respect to Britain is made the basis of denials and restrictions unheard of in the case of the Dominions; the smaller island must give military safeguards and guarantees to the larger, and suffer itself to be reduced to the position of a helpless dependency.

It should be obvious that we could not urge the acceptance of such proposals upon our people. A certain treaty of free association with the British Commonwealth group, as with a partial league of nations, we would have been ready to recommend, and as a Government to negotiate and take responsibility for, had we an assurance that the entry of the nation as a whole into such association would secure for it the allegiance of the present dissenting minority, to meet whose sentiment alone this step could be contemplated.

Treaties dealing with the proposals for free inter-trade and mutual limitation of armaments we are ready at any time to negotiate. Mutual agreement for facilitating air communications, as well as railway and other communications, can, we feel certain, also be

## Ireland

effected. No obstacle of any kind will be placed by us in the way of that smooth commercial intercourse which is essential in the life of both islands, each the best customer and the best market of the other. It must, of course, be understood that all treaties and agreements would have to be submitted for ratification to the national legislature in the first instance, and subsequently to the Irish people as a whole, under circumstances which would make it evident that their decision would be a free decision, and that every element of military compulsion was absent.

The question of Ireland's liability "for a share of the present debt of the United Kingdom" we are prepared to leave to be determined by a board of arbitrators, one appointed by Ireland, one by Great Britain, and a third to be chosen by agreement, or, in default, to be nominated, say, by the President of the United States of America, if the President would consent.

As regards the question at issue between the political minority and the great majority of the Irish people, that must remain a question for the Irish people themselves to settle. We cannot admit the right of the British Government to mutilate our country, either in its own interest or at the call of any section of our population. We do not contemplate the use of force. If your Government stands aside, we can effect a complete reconciliation. We agree with you "that no common action can be secured by force." Our regret is that this wise and true principle which your Government prescribes to us for the settlement of our local problem it seems unwilling to apply consistently to the fundamental problem of the relations between our island and yours. The principle we rely on in the one case we are ready to apply in the other, but should this principle not yield an immediate settlement, we are willing that this question, too, be submitted to external arbitration.

Thus we are ready to meet you in all that is reasonable and just. The responsibility for initiating and effecting an honourable peace rests primarily, not with our Government, but with yours. We have no conditions to impose, no claims to advance but the one, that we be freed from aggression. We reciprocate with a sincerity to be measured only by the terrible sufferings our people have undergone the desire you express for mutual and lasting friendship. The sole cause of the "ancient feuds" which you deplore has been, as we know, and as history proves, the attacks of English rulers upon Irish liberties. These attacks can cease forthwith, if your Government has the will. The road to peace and understanding lies open.—I am, Sir, faithfully yours,

(Signed) EAMON DE VALERA.

# Ireland

## III

### MR. LLOYD GEORGE'S ANSWER

10, Downing Street, S.W.

August 13, 1921.

SIR,—The earlier part of your letter is so much opposed to our fundamental position that we feel bound to leave you in no doubt of our meaning. You state that after consulting your colleagues you confirm your declaration that our proposals are such as Dail Eireann could not, and the Irish people would not, accept. You add that the outline given in our draft is self-contradictory, and the principle of the pact offered to you not easy to determine. We desire, therefore, to make our position absolutely clear.

In our opinion, nothing is to be gained by prolonging a theoretical discussion of the national status which you may be willing to accept as compared with that of the great self-governing Dominions of the British Commonwealth, but we must direct your attention to one point upon which you lay some emphasis, and upon which no British Government can compromise—namely, the claim that we should acknowledge the right of Ireland to secede from her allegiance to the King. No such right can ever be acknowledged by us. The geographical propinquity of Ireland to the British Isles is a fundamental fact. The history of the two islands for many centuries, however it is read, is sufficient proof that their destinies are indissolubly linked. Ireland has sent members to the British Parliament for more than a hundred years. Many thousands of her people during all that time have enlisted freely and served gallantly in the Forces of the Crown. Great numbers, in all the Irish provinces, are profoundly attached to the Throne. These facts permit of one answer, and one only, to the claim that Britain should negotiate with Ireland as a separate and foreign Power.

When you, as the chosen representative of Irish national ideals, came to speak with me, I made one condition only, of which our proposals plainly stated the effect—that Ireland should recognise the force of geographical and historical facts. It is those facts which govern the problem of British and Irish relations. If they did not exist, there would be no problem to discuss.

I pass, therefore, to the conditions which are imposed by these facts. We set them out clearly in six clauses in our former proposals, and need not restate them here, except to say that the British Government cannot consent to the reference of any such questions, which concern Great Britain and Ireland alone, to the arbitration of a foreign Power.

## Ireland

We are profoundly glad to have your agreement that Northern Ireland cannot be coerced. This point is of great importance, because the resolve of our people to resist with their full power any attempt at secession by one part of Ireland carries with it of necessity an equal resolve to resist any effort to coerce another part of Ireland to abandon its allegiance to the Crown. We gladly give you the assurance that we will concur in any settlement which Southern and Northern Ireland may make for Irish unity within the six conditions already laid down, which apply to Southern and Northern Ireland alike ; but we cannot agree to refer the question of your relations with Northern Ireland to foreign arbitration.

The conditions of the proposed settlement do not arise from any desire to force our will upon people of another race, but from facts which are as vital to Ireland's welfare as to our own. They contain no derogation from Ireland's status as a Dominion, no desire for British ascendancy over Ireland, and no impairment of Ireland's national ideals.

Our proposals present to the Irish people an opportunity such as has never dawned in their history before. We have made them in the sincere desire to achieve peace ; but beyond them we cannot go. We trust that you will be able to accept them in principle. I shall be ready to discuss their application in detail whenever your acceptance in principle is communicated to me.—I am, yours faithfully,

(Signed) D. LLOYD GEORGE.

Famon de Valera, Esq.,

The Mansion House, Dublin.

## IV

### LETTER FROM SIR JAMES CRAIG

MY DEAR PRIME MINISTER,—Your proposals for an Irish settlement have now been exhaustively examined by my Cabinet and myself. We realise that the preamble is specially addressed to Mr. De Valera and his followers, and observe that it implies that difficulties have long existed throughout the Empire and America attributable to persons of Irish extraction. In fairness to the Ulster people, I must point out that they have always aimed at the retention of their citizenship in the United Kingdom and Empire of which they are proud to form part, and that there are not to be found in any quarter of the world more loyal citizens than those of Ulster descent. They hold fast to cherished traditions, and deeply resent any infringement of their rights and privileges, which belong equally to them and to the other citizens within the Empire.

In order that you may correctly understand the attitude we

## Ireland

propose to adopt it is necessary that I should call to your mind the sacrifices we have so recently made in agreeing to self-government and consenting to the establishment of a Parliament for Northern Ireland. Much against our wish, but in the interests of peace, we accepted this as a final settlement of the long-outstanding difficulty with which Great Britain had been confronted. We are now busily engaged in ratifying our part of this solemn bargain, while Irishmen outside the Northern area, who in the past struggled for Home Rule, have chosen to repudiate the Government of Ireland Act and to press Great Britain for wider power. To join in such pressure is repugnant to the people of Northern Ireland.

In the further interest of peace we therefore respectfully decline to determine or interfere with the terms of settlement between Great Britain and Southern Ireland. It cannot then be said that "Ulster blocks the way." Similarly, if there exists an equal desire for peace on the part of Sinn Féin, they will respect the status quo in Ulster and will refrain from any interference with our Parliament and rights, which under no circumstances can we permit. In adopting this course we rely on the British people, who charged us with the responsibility of undertaking our parliamentary institutions, to safeguard the ties that bind us to Great Britain and the Empire, to ensure that we are not prejudiced by any terms entered into between them and Mr. De Valera, and to maintain the just equality exhibited throughout the Government of Ireland Act.

Our acceptance of your original invitation to meet in conference still holds good, and if at any time our assistance is again desired we are available, but I feel bound to acquaint you that no meeting is possible between Mr. De Valera and myself until he recognises that Northern Ireland will not submit to any authority other than his Majesty the King and the Parliament of the United Kingdom, and admits the sanctity of the existing powers and privileges of the Parliament and Government of Northern Ireland. In conclusion, let me assure you that peace is as earnestly desired by my Government and myself as by you and yours, and that although we have nothing left to us to give away, we are prepared, when you and Mr. De Valera arrive at a satisfactory settlement, to co-operate with Southern Ireland on equal terms for the future welfare of our common country. In order to avoid any misunderstanding or misrepresentation of our views I intend to publish this letter when your proposals are made public.—Yours sincerely,

JAMES CRAIG.

# Ireland

## V

### LETTER FROM GENERAL SMUTS

Savoy Hotel, London.

August 4th, 1921.

Eamon de Valera, Esq.,  
Mansion House, Dublin.

MY DEAR DE VALERA,—Lane duly reported to me the substance of his conversations with you and handed me your letter of the 31st July. He told me of your anxiety to meet and discuss the situation with Ulster representatives. Since then I have, as I wired you yesterday, done my best to bring about such a meeting, but Sir James Craig, while willing to meet you in a conference with Mr. Lloyd George, still remains unwilling to meet you in his absence, and nothing that I have been able to do or say has moved him from that attitude. If you were to request a meeting with him, he will reply, setting forth his position, and saying that Ulster will not be moved from the constitutional position which she occupies under the existing legislation ; she is satisfied with her present status, and will on no account agree to any change.

On the other hand, both in your conversation with Lane and in your letter, you insist on Ulster coming into a United Ireland Constitution, and unless that is done you say that no further progress can be made. There is therefore an *impasse*, which I do not at present know how to get over. Both you and Craig are equally immovable. Force as a solution of the problem is out of the question, both on your and his premises. The process of arriving at an agreement will therefore take time.

The result is that at this stage I can be of no further use in this matter, and I have therefore decided to adhere to my plan of sailing for South Africa to-morrow. This I regret most deeply, as my desire to help in pushing the Irish settlement one stage further has been very great. But I must bow to the inevitable.

I should like to add a word in reference to the situation as I have come to view it. I have discussed it very fully with you and your colleagues. I have also probed as deeply as I could into the Ulster position. My conviction is that for the present no solution based on Ulster coming into the Irish State will succeed. Ulster will not agree, she cannot be forced, and any solution on those lines is at present foredoomed to failure.

I believe that it is in the interest of Ulster to come in, and that the force of community of interests will over a period of years prove

## Ireland

so great and compelling that Ulster will herself decide to join the Irish State. But at present an Irish settlement is only possible if the hard facts are calmly faced and Ulster is left alone. Not only will she not consent to come in, but even if she does, the Irish State will, I fear, start under such a handicap of internal friction and discordance that the result may well be failure once more.

My strong advice to you is to leave Ulster alone for the present, as the only line along which a solution is practicable ; to concentrate on a free Constitution for the remaining twenty-six counties, and through a successful running of the Irish State and the pull of economic and other peaceful forces, eventually to bring Ulster into that State. I know how repugnant such a solution must be to all Irish patriots, who look upon Irish unity as a *sine qua non* of any Irish settlement. But the wise man, while fighting for his ideal to the uttermost, learns also to bow to the inevitable. And a humble acceptance of the facts is often the only way of finally overcoming them. It proved so in South Africa, where ultimate unity was only realised through several stages and a process of years ; and where the Republican ideal for which we have made unheard-of sacrifices had ultimately to give way to another form of Freedom.

My belief is that Ireland is travelling the same painful road as South Africa, and that with wisdom and moderation in her leadership she is destined to achieve no less success. As I said to you before, I do not consider one single clean-cut solution of the Irish question possible at present. You will have to pass through several stages, of which a free Constitution for Southern Ireland is the first, and the inclusion of Ulster and the full recognition of Irish unity will be the last. Only the first stage will render the last possible, as cause generates effect. To reverse the process and to begin with Irish unity as the first step is to imperil the whole settlement. Irish unity should be the ideal to which the whole process should be directed.

I do not ask you to give up your ideal, but only to realise it in the only way which seems to me at present practicable. Freedom will lead inevitably to unity ; therefore begin with Freedom—with a free Constitution for the twenty-six counties—as the first and most important step in the whole settlement.

As to the form of that Freedom, here too you are called upon to choose between two alternatives. To you, as you say, the Republic is the true expression of national self-determination. But it is not the only expression ; and it is an expression which means your final and irrevocable severance from the British League. And to this, as you know, the Parliament and people of this country will not agree.

The British Prime Minister has made you an offer of the other form of Freedom—of Dominion status—which is working with

## Ireland

complete success in all parts of the British League. Important British Ministers have described Dominion status in terms which must satisfy all you could legitimately wish for. Mr. Lloyd George in his historic reply to General Hertzog at Paris ; Mr. Bonar Law in a celebrated declaration in the House of Commons ; Lord Milner, as Secretary of State for the Colonies, have stated their views, and they coincide with the highest claims which Dominion statesmen have ever put forward on behalf of their free nations.

What is good enough for these nations ought surely to be good enough for Ireland too. For Irishmen to say to the world that they will not be satisfied with the status of the great British Dominions would be to alienate all that sympathy which has so far been the main support of the Irish cause.

The British Prime Minister offers complete Dominion status to the twenty-six counties, subject to certain strategic safeguards which you are asked to agree to voluntarily as a free Dominion, and which we South Africans agreed to as a free nation in the Union of South Africa. To my mind such an offer by a British Prime Minister, who—unlike his predecessors—is in a position to deliver the goods, is an event of unique importance.

You are no longer offered a Home Rule scheme of the Gladstone or Asquith type, with its limited powers, and reservations of a fundamental character. Full Dominion status, with all it is and implies, is yours—if you will but take it. It is far more than was offered the Transvaal and Free State, who fought for Freedom one of the greatest wars in the history of Great Britain, and one which reduced their own countries to ashes and their little people to ruins.

They accepted the far less generous offer that was made to them ; from that foothold they then proceeded to improve their position, until to-day South Africa is a happy, contented, united, and completely free country. What they have finally achieved after years of warfare and political evolution is now offered to you—not in doles or instalments, but at once and completely. If, as I hope, you accept, you will become a sister Dominion in a great circle of equal States, who will stand beside you and shield you and protect your new rights as if these were their own rights ; who will view an invasion of your rights or a violation of your status as if it was an invasion and a violation of their own, and who will thus give you the most effective guarantee possible against any possible arbitrary interference by the British Government with your rights and position. In fact, the British Government will have no further basis of interference with your affairs, as your relations with Great Britain will be a concern not of the British Government but of the Imperial Conference, of which Great Britain will be only one of seven members. Any questions in issue between you and the British Government



## Ireland

will be for the Imperial Conference to decide. You will be a free member of a great League, of which most of the other members will be in the same position as yourself ; and the Conference will be the forum for thrashing out any questions which may arise between members. This is the nature and the constitutional practice of Dominion Freedom.

The difficulty in Ireland is no longer a constitutional difficulty. I am satisfied that from the constitutional point of view a fair settlement of the Irish question is now possible and practicable. It is the human difficulty which remains. The Irish question is no longer a constitutional but mostly a human problem.

A history such as yours must breed a temper, an outlook, passions, suspicions, which it is most difficult to deal with. On both sides sympathy is called for, generosity, and a real largeness of soul. I am sure that both the English and Irish peoples are ripe for a fresh start. The tragic horror of recent events, followed so suddenly by a truce and fraternising all along the line, has set flowing deep fountains of emotion in both peoples and created a new political situation.

It would be the gravest reflection on our statesmanship if this auspicious moment is allowed to pass. You and your friends have now a unique opportunity—such as Parnell and his predecessors and successors never had—to secure an honourable and lasting peace for your people.

I pray God that you may be wisely guided, and that peace may now be concluded, before tempers again change and perhaps another generation of strife ensues.—Ever yours sincerely,

(Signed) J. C. SMUTS.

# NATIONAL PROSPERITY AND INDUSTRIAL PEACE

## I. FOREIGN TRADE AND UNEMPLOYMENT

THE coal stoppage has had many evil effects. Among others it has served to hide the seriousness of the economic position of the British Isles, by making people attribute the state of our trade and unemployment to the shortage of coal. The coal stoppage undoubtedly made things much worse, and with the resumption of work things will get better. Other temporary causes, such as overstocking at high prices, are also disappearing and will be a further help. But our troubles are, in reality, much more deep-seated than this, and the more closely we look into the situation the more serious is the difficulty in the way of a return to full national prosperity.

Great Britain differs from every other country in the world as it depends, absolutely, for its existence on foreign trade. In no other way can it support a population of more than 40 millions on so small an area. It produces, for instance, only about 60 per cent. of its food supplies, and about 25 per cent. of the raw material needed for its industries. These it has to obtain from abroad and it can only do so by sending exports with which to pay for them. The position can be seen at a glance in the figures for 1913. In that year our total imports amounted to £768,000,000, of which £295,000,000 represented foodstuffs, £269,000,000 raw materials, and £201,000,000 manufactured articles. Our exports on the other hand were £525,000,000 of which £413,000,000 was manufactured articles. The

## National Prosperity and Industrial Peace

balance was made up by shipping freights and interest on capital invested abroad in the past.

Ever since the Tudor days it has been the case that England has derived its prosperity from foreign trade. There was always considerable trade between England and the Continent. But in Elizabeth's time a new field was opened : it was the era of exploration in which, for those times, great fortunes were made by somewhat dubious exploits on the Spanish Main. Later came the growing trade with the newly founded colonies in America. To that in the eighteenth century was added the immensely profitable trade with India and the East. And, during the whole of the nineteenth century, after the industrial revolution, it was British manufacturers and traders who equipped the world with railways and machinery and sold to consumers abroad the cheap cotton and woollen goods made in the new industrial towns of the north. Not for nothing were the British known to Europe as a nation of shopkeepers.

It has only been possible by reason of this foreign trade for Britain to maintain the population she has done in these islands. Left to her own internal trade alone they would have starved or emigrated, as indeed immense numbers of them did. It is perfectly true that despite this foreign trade large masses of the people, both in rural England and in the industrial towns, were underpaid, and in consequence insufficiently housed, fed and clothed. In some measure this was due to landlords and manufacturers taking too large a proportion of the proceeds of agriculture and industry for themselves. But it was partly also due to the fact that the demand for British products abroad was seldom sufficient to keep the whole population steadily employed at adequate wages for more than very short periods of time. The position would have been infinitely worse had it not been for our foreign trade.

If this was the state of affairs before the war, it is doubly true to-day. Partly owing to the increase in prices British imports for 1920 were £1,936,000,000 as opposed to

## Foreign Trade and Unemployment

£768,000,000 in 1913, and of these £767,000,000 was for food, and £711,000,000 for raw materials—a truly enormous jump. Our exports the same year were only £1,335,000,000 leaving a deficit to be made up of “invisible exports” such as shipping freights of no less than £600,000,000. Moreover, we have now to export more in order to obtain the same level of imports. Before the war, as we have seen, a considerable proportion of our imports were payments on account of interest on capital invested abroad previously and needed no exports to pay for them. A great part of these investments were sold during the war to pay for foreign imports. If we want the same standard of living now we shall get it only by importing more.

Moreover, during the war the population as a whole greatly improved its standard of living. Orders were unlimited, there was a shortage of labour, Governments used their credit to buy without limit and almost regardless of price or value. The whole world was, economically speaking, having a good time, wasting its substance in a war. If these wages and hours are to be maintained, it will only be by finding far greater markets in which to sell our goods at higher prices or at less cost of production to ourselves than we did before the war. But while the necessity for foreign trade is more insistent the difficulties in the way of securing it are infinitely more serious. European markets have largely disappeared. Every Government has stopped ordering and is retrenching as hard as it can. The population of Europe is half ruined. Its resources have been wasted. Enormous areas have been devastated. Great masses of people have died or been killed. The whole machinery both of agriculture and industry has been thrown out of gear. Russia, as a market, has been almost destroyed. The people therefore cannot buy, for they have nothing to buy with. They barely produce enough food for their own consumption, certainly little over and above to exchange for other people’s manufactures.

## National Prosperity and Industrial Peace

Then exchanges are bad. At the beginning of August the value of the £ in the United States was about 14s., which made it difficult for us to buy from them oil and wheat and cotton. The value of the £ in France was nearly £2, in Germany was £13, which makes it difficult for them to buy our manufactures.

There is also competition. Before the war German competition was gradually ousting British manufactures in certain great markets. It was doing so partly because of subsidies, but mainly because the German manufacturer was a more industrious and an abler organiser, and the German worker was worked harder, for longer hours and for less pay. To-day the situation is still more acute. The subsidies have gone. But both German manufacturer and German worker know they lost the war. They know that they can repair their loss only by going through bitter times in which they have to work their hardest for a minimum reward. The pay of the German worker to-day is between three-fifths or four-fifths of that of his British brother in purchasing value. And in consequence the German merchant can sell German goods abroad at prices 40 per cent., and 50 per cent., and 60 per cent., and sometimes 100 per cent. below British prices. What for instance is to happen to the British iron and steel trade when British steel billets in London cost £10 10s. and German £8 per ton, as they do to-day? It is the same for the United States. Wages there are higher, but the efficiency of labour is also much higher and the arts of mass production have been carried much farther. The figures of coal output are instructive. In England for 1920 they were 193½ tons per miner. In the United States they were 744 per miner. No doubt conditions are more favourable in the U.S.A. But whereas the American miner has increased his output from 618 tons in 1910 to 744 tons in 1920, the British miner's output has fallen in those years from 257 to 193½.

The effect of bad markets is cumulative. Europe

## Foreign Trade and Unemployment

cannot buy from us what she bought before. Therefore we cannot buy the raw material from India, Australia and so forth which we used to make up for Europe. They in turn cannot order the manufactures they used to, and so the vicious circle turns.

Then again, the population for which we have to find employment in these islands has probably increased. In spite of the awful losses of the war they were probably not equal to what would have emigrated in those years under normal conditions. But the character of the population is worse. Much of it is maimed and weakened. A larger proportion are women less fitted and trained for industrial work.

Finally, there is the burden of taxation. We have to pay interest on our debts, some of them abroad (in imports); we have to pay pensions to sick and disabled; we have to pay doles to unemployed. All this comes out of industry and lowers wages or adds to the price at which it is possible to sell goods and keep industry solvent.

The problem which faces us, therefore, is a much more difficult and deep-seated one than that of making up the leeway lost during the coal strike, or of disposing of excessive stocks purchased at too high prices. By the end of this year unemployment will be diminished. It may temporarily be very greatly diminished owing to the reaction from the unnatural depression of the past six months. But this in itself will not secure to us what we really need—full employment for the whole of our population at 1919 or 1920 wages and standards. And if it doesn't, then some portion, it may be 500,000, it may be 1,000,000 of our people will be unemployed with disastrous result alike to themselves and the finances of the country, which in turn will have the effect of depressing all other wages. For emigration is no longer a solution. It may ease the situation in small measure. But the new countries of the world are closing their doors to immigrants, and in any case the number that can leave these islands and find absorption

## National Prosperity and Industrial Peace

abroad in any one year is comparatively small. The problem must be tackled at its real foundation or it will not be solved.

### II. THE CONDITIONS OF PROSPERITY

THESE may seem gloomy forebodings. So they are. There is no more use being vaguely optimistic and trusting to luck now than there was in 1914 or any of the succeeding years of the war. It is better to face what is coming to one, and to prepare to deal with it. And if we all face the economic problem, we can deal with it. But only at the price of considerable sacrifice.

The real barometer of British prosperity is the statistics of unemployment and the rates of wages paid in the standard industries. It is no use having prosperous traders or high trade union wages, if only half our people are employed, or full employment if wages are at or below subsistence point. We need a nation fully employed at good wages and for fair hours. How is that to be gained?

As we have already seen it can only be gained by foreign trade. We cannot live by taking in one another's washing. We haven't the necessary food and cannot grow it. We haven't the necessary raw materials: we cannot produce a whole variety of the articles which we now regard as necessary to civilised life, from what can be grown or mined in the British Isles. The home trade, of course, is important. It is of the two much more important than the foreign trade. The point we are trying to make is that however good the home trade may be, we cannot be prosperous and fully employed without an enormous foreign trade as well.

Now where is foreign trade to be gained? It certainly isn't there to-day, and won't be there to-morrow, as the optimists believe, in quantity sufficient to maintain our people, unless there is a general understanding as to how it is to be obtained, and energetic co-operation in obtaining it.

## The Conditions of Prosperity

Now upon what does prosperity, in the sense defined above of employment for all at ample wages, normally depend. Four things, work, efficiency, enterprise, and saving for investment. Let us examine these elements a little more closely.

It is obvious that prosperity cannot return without universal work. The penalty of the materialism in which we spend our time is that we have to work in order to live. If every individual was a small-holder and lived off the land it would be obvious to all that unless he worked, he and his family would die, and that the harder, or what is more important, the more intelligently, he worked, the better off he would be. But at bottom, complex as our civilisation is, it is still true that prosperity can only come from work intelligently applied. Moreover, inasmuch as our civilisation is complex, and we each of us only supply some tiny fraction of the final commodity, and except in the case of the farmer, produce nothing which in itself and uncombined with other people's work we can sell to our neighbours, our prosperity is largely dependent upon our neighbours working as well as ourselves. This is now obvious to everybody as regards internal trade. We have repeated instances lately of a strike or lock-out in one trade holding up the work of countless other workers and industries not directly interested in the dispute. It is not so obvious to everybody that our national prosperity is equally dependent upon the prosperity of other nations and *vice versa*. If France or Russia or Germany or the United States are prosperous, it means that they can buy more from us, even as we also buy more from them. If everybody worked not only here but all over the world, and worked intelligently (a most important qualification) it could not be long before mankind produced enough to give everybody a very high standard of life. And there is no other way in which the world can become prosperous except that everybody should so work. Mankind lives upon what it produces every year. Its accumulated



## National Prosperity and Industrial Peace

wealth other than the plant and material with which it works, is not very great. Its reserves of food and clothing and raw material, for instance, are quite small, and it cannot live for many weeks on redistributing houses, and furniture and land. It is certain that the present distribution of accumulated wealth, by arousing indignation at its inequality or injustice, hinders work and gives rise to false economic doctrines which hide the elemental truth that probably nine-tenths of mankind's annual needs in food, clothing and amusements are produced by work in the year in which they are consumed, and that only one-tenth is accumulated in the form of property, property which except in the case of land is itself ere long worn out or rendered useless by a later invention.

Therefore, work by all nations and all classes, and work intelligently applied, is the foundation of prosperity.

We come now to efficiency. Stress has already been laid upon the importance of work being properly applied. People cannot get a living by working, however hard, at just digging holes in the ground or carting mountains to the plain. It has to be work applied according to science and experience in such a way as will result in growing crops, or mined materials, or manufactured commodities, of such a quality and so distributed as to meet other people's needs. Unless the intelligent direction is there all the work in the world will not avert starvation, and the more intelligent the direction, the less the effort required to meet the needs of mankind. The price of foodstuffs, for instance, is infinitely lower and their variety and availability greater, as the result of the use by farmers of machinery and the results of scientific research, than it was a century ago. Efficiency, therefore, is vital to prosperity—efficiency in the individual worker, efficiency in management, efficiency in distribution, efficiency in organisation. Without efficiency the effort will be wasted and the return in prosperity low.

Next we come to enterprise. Enterprise is the creative

## The Conditions of Prosperity

gift—the vision which foresees, the exploring gift which discovers new resources, the inventive one which invents new methods, or the gift which greatly daring takes great risks in creating a new industry or a new demand. It is perhaps of all the conditions of renewed prosperity the most important, for without it the world stands still. Yet it is also the most elusive. It cannot be organised. Examinations cannot detect it, hence bureaucrats seldom have it. It cannot even be easily selected, for in most cases it is only discovered after it has begun to create. It is to this faculty that all the great improvements in civilisation are due, the steam engine, the motor-car, the telegraph, cheap food, cheap transportation, cheap clothes and cheap news. It invents, it makes the invention practical, it organises the manufacture—almost all the time in supreme faith in its own judgment, expecting returns after great risks and many days. Without enterprise civilisation stagnates, and the dreams we all have of a better world with plenty and comfort for all cannot come into being.

Finally come savings. Without large numbers of people who save some portion of their earnings and lend them to those who are engaged in enterprise, to develop new industries, to improve old methods, to bring new products to markets or old products in larger quantities and at a cheaper price, the machinery of the world's production will rapidly run down. Old industries will languish for want of capital. New ones will cease to come into existence. Life will become stereotyped and with it the standards of life will fall. The function of producing the immense quantities of capital constantly required to keep civilisation going and to develop and improve it is almost as important as work itself. Without it wages cannot be paid during the growth of an industry. New mines and new lands cannot be brought into production. Goods and foodstuffs cannot be transported, or shops accumulate commodities in great quantities and variety to sell. Saving for capital

## National Prosperity and Industrial Peace

enterprise is one of the primary duties of a public-spirited citizen.

But there is one other condition of prosperity which in normal times is taken for granted, but which is conspicuously absent to-day—and that is international and internal peace and economic stability. War or civil war instantly cuts across the channels of trade. Rumours of wars and social unrest impede and frighten enterprise. Prosperity in the fullest sense of the word is only possible when business men can take long views and make long-dated contracts, confident that no outside force will intervene to prevent them from fulfilling them and that obligations will be met when they are due. International peace and internal order are vital to the prosperity of the world and especially of Great Britain which depends so much on world trade. Among other reasons why the United States has been so wonderfully prosperous in the past may certainly be placed its immunity for 50 years from every form of foreign and internal strife.

### III. THE KEY TO THE PROBLEM OF TO-DAY

**W**HY is there universal trade depression to-day? People often ask why there are unemployment and bad business conditions at a moment when it is obvious that the whole of mankind is hungry for reconstruction and development. The world is full of people willing to work. It is full of wonderful resources. Europe, Asia, Africa and parts of America are languishing for want of railways, roads, telegraphs, clothing, furniture, books, every sort of useful article. On the other hand, the chief western countries, Great Britain, the United States, France and Germany are possessed of a vast and highly efficient technical equipment, admirably adapted to supply these needs. Yet here and everywhere this equipment is working short time or

## The Key to the Problem of To-day

not at all and millions of workers are standing idle and unemployed.

The answer is not easy to give briefly, but in fundamentals is clear. First and foremost is the general instability of both political and economic conditions throughout the world. We have already referred briefly to these in the first section of this article. The effect of the universal instability is rather similar to the effect of disorganising a telephone exchange. It becomes very difficult to get a call (a business deal) through. Poland wants steel goods or woollen goods from Britain, but as the exchange is some thousands of marks to the £ neither the Polish merchant nor the British manufacturer can do business, because what the Polish consumer can pay to the Polish merchant is valueless to the British manufacturer and worker. So the deal does not go through, and Poles do without bedsteads or locomotives or clothes and Britons without work, wages or profits. So it is on every side, exchange difficulties, doubts about renewed war between France and Germany, tariff barriers running criss-cross through Europe, the total destruction of Russia, the reparation question, all these elements act like sand or gravel in the infinitely complex mechanism of digging the raw materials or growing the food in one part of the world, transporting it to the manufacturer in another, and then redistributing it all over the globe through the millions of big and little shops, and the hundreds of thousands of banks and institutions which find the necessary credit to keep the process going from the date the miner puts his pick or the farmer his plough into the ground, to the date when the consumer's cheque or cash finds its way back to the prime producers. The war and its aftermath have dislocated this organism from top to bottom and it will take years for it to be repaired and to work smoothly and sweetly again.

Still, it will make all the difference to our prosperity and employment whether we are working intelligently and actively to put things right. If Great Britain is more

## National Prosperity and Industrial Peace

hardly hit by world conditions than other nations because she more largely depends on foreign trade, she has certain compensating assets. She has within the Empire an enormous proportion of the earth's surface where conditions are stable and within which the process of trade and development can proceed on normal lines—not by excluding others artificially, which is a shortsighted and futile policy, but by the encouragement of that process of work, efficiency, enterprise and saving upon which the economic millennium must rest. And even in trade with foreign nations the degree of our own prosperity, and the rapidity with which they will recover will depend in great measure on whether our people can produce commodities at fair prices, and have the capital necessary to finance long-credit operations. The effect of political instability is being enormously aggravated by economic uncertainty. Nobody is going to launch on great business enterprises if he thinks that the cost of everything is still artificial and is going to fall. Costs are still artificial. They are based on war standards when there was no competition and we were living not on what we could produce, but upon credit. People are trying to base wages on the cost of living figures or on some war standard, and to keep output and hours down to the standards arrived at in the war. That is obviously desirable in itself. We want an ever-increasing standard of life for all the community. But it cannot be gained by just insisting on it. Wages and hours ultimately depend not upon the cost of living, but upon what other people will give you in exchange for what you make yourself. And the way to improve wages and shorten hours is to improve your methods so that other people are so anxious for your product that they will give you full orders for all you can make at prices which will pay good wages for fair hours and fair profits for capital invested and risk taken.

Hence, while every attempt to keep up the standard of life and to insist on a fair distribution of the proceeds of industry between employer and employed is sound in aim,

## The Key to the Problem of To-day

it will fail unless it recognises that the essential condition of success is a process of improving the product and cheapening its cost. The nation which can always produce the best article at the price of its inferior competitors, and which saves for enterprise as well, will never want prosperity, wages or employment.

Hence, as is always the case in human affairs, the best contribution one can make to the solution of the problem is to reform oneself. Are we therefore living up to the standard necessary to the recovery of prosperity? It would seem that we are not. In this country at any rate the gospel of work has lost its force. It has been a positive disadvantage in this respect that we won the war, for instead of realising, as the Germans have done, that nothing but work can wipe out the ravages of the war (whether lost or won) we have sat back and waited for the land for heroes to grow because we successfully defeated the attempt of the German militarist to make the world far worse than it is. To-day nobody wants to work hard, or seems to realise that happiness is only to be found in work interspersed with adequate recreation. The standard of work of the rich is not high. There are far too many drones. And it is still the policy of the trade unions to restrict output, in fact if not in theory. The output of work in Great Britain is low—very much lower than in the U.S.A. or Germany. If we are to recover prosperity we must all work, and not wait first to see whether our neighbour works too. If every man waits for his neighbour to begin the only thing we shall do together is to starve.

Then there is at any rate in some respects a low standard of efficiency. Our technical equipment is probably up to standard. But our higher organisation, as compared either with Germany or the U.S.A., is not. We need take only one instance. The coal strike has revealed two things—inefficiency and lack of vision on the part of the owners from the point of view of the management and organisation of the industry as a whole, and inefficiency on the part of the

## National Prosperity and Industrial Peace

miners from the point of view of the standard of output per man. The effect is that the cost of coal is needlessly high, and as coal is the basis of the national industries, that means a handicap on every industry and especially on the steel and iron and shipbuilding trades where cost of coal is a very large part of the cost of production.

Then again there is a shortage of capital. This is partly due to the severity of taxation which absorbs savings which would otherwise go into business enterprise. It is partly due to the high standard of luxury spending prevalent among all classes, rich and poor—spending which would be more profitable to everybody if it were applied to investment.

The effect of these things is to paralyse enterprise. The people of Great Britain have always shown enterprise in marked degree. More than other people they were responsible for the remarkable progress in the sphere of invention and enterprise of the nineteenth century. And though other nations, notably the Americans, have now entered the same field with great success, the British are still second to none. But the process of development, of starting new industries, mines, or businesses, or of spending large sums in opening up new connections and avenues for trade, or in stimulating demand is at the moment heavily handicapped. And it will remain handicapped until everybody works their best for reasonable hours, everybody helps efficiency and the lowering of the cost of production and everybody contributes his savings to enterprise. Then, when things are down to an economic level and firm foundations are reached on which it is possible to build, the national prosperity will begin to arrive.

For when all is said and done, looked at in the large it is this process of developmental enterprise which is the fundamental thing. If there is unemployment in Great Britain it is because creative enterprise, producing both new and better methods at home, or new construction and development abroad, is beginning to lag behind.

## Incubus of the Capital and Labour Dispute

It is this process of creative enterprise which is the key to our own and every other nation's prosperity. A million pounds, for instance, spent in building railways in Africa, gives immediate orders to the makers of steel rails, locomotives and wagons. It gives employment and wages to the people on the spot who immediately order clothes and food and commodities, which they could never have obtained before, and which in turn are supplied partly by enterprising people in the locality, but partly again from the great manufacturing peoples overseas. And the whole process gives employment to the shipping and transportation and similar agencies. It is just the same at home. A million pounds spent in bringing a new and better product to the market gives employment first in the building trades, and then in engineering and other trades. It is true that finally it throws out of business older concerns which cannot adapt themselves to the eternal fact of progress, but in so doing it attracts labour therein employed and gives to the public a better and a cheaper article which will be more largely consumed. And if labour exchanges are efficient, trade union rules wise, and saving universal, the process is not only easy, but adds that very variety to industrial life which Great Britain so badly needs to-day.

### IV. THE INCUBUS OF THE CAPITAL AND LABOUR DISPUTE

**B**UT there is one great obstacle in the way of renewed prosperity and full employment which is very stubborn—much more stubborn than the political instability of Europe, or the exchanges, or the luxury spending of the day, all of which, we can assume, will gradually settle down. That obstacle is the ancient feud between Capital and Labour. It has been acute for a century—nay, since the beginning of time. It rages from one end of the world to the other. It is perhaps especially difficult in the British



## National Prosperity and Industrial Peace

Isles, because it is less revolutionary than elsewhere but is intertwined with every feature of our political and economic life. But a settlement of it is vital to the full prosperity and employment we all need. It is a principal cause of the instability and insecurity which prevents development and enterprise. It is a principal cause why other countries are able to undersell our products in both home and foreign markets. It is all the more harmful because while co-operation on proper terms will bring prosperity not only to both parties but to the community, the present dog-fight is not only ruining both parties to the quarrel but the community as well.

We propose therefore to examine this question and the solution of it in some detail, because it lies at the root of the problem under discussion.

Before doing so, however, it is necessary to say a word or two about the use of terms. Both the words, Capital and Labour, are commonly loosely used. Strictly speaking capitalists engaged in management and enterprise are workers, just as much as the people they employ. On the other hand, many labourites are capitalists in the sense that they own considerable investments. But everybody knows that there is a Capital and Labour question, and that broadly speaking it is a dispute between those who have industrial property and accumulated resources and those who are employed by them in order to convert a lifeless mechanical machine into an active productive organism. We use the words in this general sense.

Similarly, Capitalism is used to denote the existing system of society under which property—except such as is directly owned by the State—and enterprise are left in private hands, and are not directed or controlled by the community except in so far as it passes legislation such as the Factory Acts, or the Company laws, or the Old Age Pensions Acts which are designed to regulate and define the relations between individuals, or to protect individual rights, or to make provision for certain individual needs.

## Where Capitalism has Succeeded

The fundamental idea underlying the existing order is that the community is a set of individuals, and that it will prosper in proportion as the individual is given the maximum freedom to develop himself or the property, provided always in so doing he does not trespass upon his neighbours' rights and property as defined by law. Capitalism is the system of industrial organisation which has grown up under the individualist regime.

The only alternative system proposed is Communism or Socialism, both of which, the first entirely, the latter partially, abolish private property and private enterprise and substitute for it the control of property, and the direction of the activities of the citizens by the State.

Let us examine these two systems in a little more detail.

### V. WHERE CAPITALISM HAS SUCCEEDED

**F**OR all its defects Capitalism, or the system of private property and private enterprise, has outstanding merits. It is the most wonderful system for the production of wealth and the multiplication and cheapening of commodities that has ever been devised. Under Capitalism civilised nations have equipped themselves with railways and telegraphs, with the whole range of iron and steel products, from great bridges like the Forth Bridge, to pins and needles and the iron bedstead, with cheap books, cheap motors and cheap amusements. Under Capitalism the world has been redeemed from ignorance and chaos into something like unity, by means of the great ships and the great lines of transportation and cables which link nations and continents. Under Capitalism have grown up the newspapers which give us every day a picture of what has been going on all over the world. Under Capitalism we have gained food and clothing both varied and cheap, so that nations are no longer dependent upon their own seasons for the supply of their essential needs.

## National Prosperity and Industrial Peace

If we look indeed at what is within the reach of the average man to-day and two centuries ago, the change is little short of miraculous. Then he was isolated in a village or a small town. He could not move about, unless he was prepared to walk, for stage coaches were only for the few. His knowledge of the world was probably nil unless he had learnt to read and write and after that could borrow the few books which existed from richer friends. His food was monotonous—the product of his own countryside. He lived, in fact, compared with his fellow to-day in a physical and mental cage. To-day nothing is easier than for the average man to move from one end to another of his own country, and if he has even small savings, to the ends of the earth as well. The literature of all ages is his for a few pence and newspapers enlarge his horizon by giving him daily news from every corner of the globe. His diet is rich and various, drawn from every latitude, from every continent and from every sea. If the man or woman of 1721 had been offered what is within the reach of his descendant two centuries later, he would have thought himself possessed of Prince Housain's magic carpet, out of the Arabian Nights story.

How has Capitalism achieved this? It has done so because the system has liberated to an extraordinary extent the invention, the enterprise and the energy of the individual. Under the existing system, it is possible for the man of resource and organising gifts, the man of ideas, and those who have wealth which they do not wish to spend on themselves, to come together to create commodities, or discover and develop natural resources, not previously available for mankind, without interference, and without waiting for Government permits or Government support. From our experience during the war, and indeed, everywhere else, it is obvious that no bureaucratic system can be one-tenth as adaptable, rapid and resourceful as private enterprise is in creating wealth and bringing new ideas to practical use.

## Where Capitalism has Succeeded

Capitalism has also another merit. It does not burden posterity with the cost of its failures. Success in business may win too great rewards, but failures are written off. An enormous proportion of all money put up for new enterprise is lost—the invention does not prove a commercial success, the mine is not a payable proposition, the trade expected is not there, the organisers have been incompetent, or the public taste has changed. Such are the reasons recorded over and over again why money put up by inventors or capitalists must be written up as a dead loss. Yet for all this the public has gained. The enterprise while it lasted has given orders and employment. The experiment has paved the way for something better, without charging its losses to its cost.

It may be argued that Capitalism has played its part and that the day for a less vigorous and creative system has come. It is true that the economic is only one sphere of human activity and that there are other values, moral and mental, of greater moment. The day will come when the economic foundations of civilisation are complete. But that day has certainly not dawned yet. Poverty and inadequate resources are one of the commonest and most distressing features of our time. If we are to have a healthy, energetic, friendly, competent society, all citizens must have adequate housing, sufficient food and clothing, education, recreation and so forth to enable them to make the best of themselves. In none even of the most advanced western communities is that true to-day, and when we look at mankind as a whole the work that has to be done to lay the foundations of civilisation is staggering. The world needs commodities in vastly increased quantities, at reduced prices, and of improved quality. It needs the very best that the system of individual enterprise, admittedly the most productive, can give it, working at its greatest efficiency. We have only to look at Central Europe, at Russia, at Asia, Africa and South America to see what needs to be done. If civilisation is to triumph it will be because

## National Prosperity and Industrial Peace

*every family is based upon a four-roomed house, with its equivalent in food, clothing, transportation, education and recreation. There is certainly no need as yet to turn off the creative power of the individualist system on the ground that it has played its part.*

But if Capitalism has had a great success it has also had great failures. Before, however, going on to examine where Capitalism has failed, let us look for a moment at Communism and Socialism and see if they offer any possible alternative to private enterprise.

### VI. WHERE SOCIALISM FAILS

**T**HE only alternative which is proposed to the Capitalist system under which property and enterprise is left in private hands is Socialism.

The basic idea of Socialism is an attractive one. It is that the community should own the natural resources of the country, and the main means of production, distribution and exchange so that no individuals should make fortunes out of the necessities of the people, and that such unearned increment as accrued, should accrue to the benefit of the community as a whole. Communism carries this socialist idea to its logical conclusion, abolishes private property and private enterprise altogether, and makes every citizen a worker under the direction of the officials of the State and sharing equally in the products of the communal life.

Communism has been tried in Russia for the last four years and has failed. It has failed for two fundamental reasons which have nothing to do with the special difficulties it encountered in Russia since 1917. In the first place Communism will only work if every citizen is content to surrender all private property, and is willing to abandon every form of private initiative and activity and, like a soldier, to obey implicitly the commands of the bureaucrat.

## Where Socialism Fails

Unless all citizens either do this voluntarily or because they can be compelled to do it, Communism fails. It is possible on general principles to predict that human nature will not submit, except under pressure of a tremendous emergency, to abandon all private liberty in favour of such bureaucratic regimentation, and the experience of Russia, where the population is singularly docile and unenterprising, has confirmed in practice what one would expect in theory. In the second place Communism fails because even where the population is willing or can be compelled to obey orders, bureaucratic initiative is found no substitute for private enterprise. Every bureaucrat tends to play for safety. In any case it is improbable that all the enterprise and creative energy of the community will be found in the politicians and the bureaucrats, or that even such enterprise as is found among them will have the same scope under Government rules as under freedom. Universal experience points the other way. In any case Communism has failed in Russia not only because the peasants refused to obey orders but because Lenin has found it necessary to give the enterprise of the individual full play, if Russia is not to disappear as an organic entity.

But will Socialism put into practice prove much better ?

How is it going to deal with the competition of private enterprise ? Communism deals with it by prohibiting it—and that was bound to fail and has failed against the eternal impulses both of human nature and economic law. So long, however, as you leave the individual private property and the right of individual initiative, Socialism can only succeed by doing the work better. It may take over the land, the railways and the mines, and even the banks and the bigger shops, and a number of other important services if it can find the money with which to buy them—a very heavy charge—but if it cannot prohibit road transportation and new mines being started or foreign imports or private institutions lending the savings of individuals and new shops opening, what will happen ? If public enterprise is more

## National Prosperity and Industrial Peace

efficient than private, then it will survive and the community will benefit. But if private enterprise is more efficient and produces a better article at a lower price, it will steadily but inexorably press the less effective Government service out of existence, just as motor 'buses and tubes in London have cut heavily into the business of the tramway system and are now beginning to cut into the business of the railways. While therefore there is a great deal to be said for nationalising or municipalising certain services, especially those nearing the monopoly stage, the argument for doing so is not that all private enterprise is bad and all government enterprise is good on religious or social grounds, but that in the particular instance it is beneficial.

Socialism, indeed, unlike Communism is not an attack on Capitalism as such. It leaves private enterprise unchecked, but trusts to improving society by proving by experience that a great part of the national activities can be more efficiently conducted by public rather than private hands. The success of Socialism is very doubtful as our war experience showed, and its progress must in any case be very slow. Moreover in competition with private enterprise Socialism offers no dramatic inducements to the workers. The conditions and wages of the workers in socialised industries, except such as are absolute monopolies, like the Army and the Navy, will not be appreciably better than the conditions and wages in private enterprise. Public ownership must pay interest on capital—including even capital wasted—and it must produce a commodity or a service at a competitive price. It cannot pay wages higher than are economically warranted without being driven out of existence by its rival. If for instance the nationalisation of the railways means higher freights or fares, mechanical transport will rapidly take such a share of the traffic as will make the railways financially bankrupt, ending either in their disappearance, or in wages once more returning to a level warranted by competition and the efficiency and hard work of the employees from top

## Where Socialism Fails

to bottom. Similarly with coal. A very high price of coal means that it will be imported more cheaply from abroad, or oil will be used in substitution. And if tariffs or legislation are used to protect socialised industries it will simply mean that British manufacturers cannot compete abroad, and one-third of our people will be unemployed and starving. As a matter of fact, experience shows that from the point of view of the employee the benefits of public ownership are not transcendent. There is not peace and harmony among the employees of the municipal enterprises of the Kingdom. Nor is there in the Post Office despite wages and conditions which have caused such a rise in cost that the community is in rebellion. Nor is there even in the co-operative movement, where the control is directly in working-class hands. Nationalisation may have advantages in many instances, but it certainly does not mean a paradise for the working man. Moreover, Socialism—stopping short of Communism—suffers from the serious burden in competition with Capitalism, that it can never write off its failures. It raises money on municipal or national credit and whether the enterprises on which the capital is expended fail or succeed it must still continue to pay interest on its bonds. As we have seen, private capital simply disappears, the individual being the loser. Socialism, therefore, unless it confines its activities to a relatively few safe monopolies is burdened by an ever-growing load of debt, increased in the name of creative enterprise, but lost through misjudgment or mismanagement.

Socialism is sometimes justified on the ground that competition is wrong. Competition merely designed to crush competitors producing the same articles is wrong. Competition in the form of an honest emulation in improving products and methods in the interests of progress is the life-blood of civilisation, and all attempts to do away with it will be as disastrous as they will certainly fail.

As a matter of fact Socialism is no alternative to



## National Prosperity and Industrial Peace

Capitalism, so called. Communism is, but Socialism is not. Communism fails because human nature will not stand the substitution of a universal military discipline under bureaucratic control, for individual liberty as we, at any rate in the English-speaking world, have known it. It fails too because we are not more likely to find bureaucrats and politicians whom we will trust to control the smallest details of our private lives as well as the larger direction of commerce, transportation and industry. Socialism fails as a general alternative, because it allows private enterprise by its side. Socialism, as contrasted with Communism, is no more than the theory that public enterprise will gradually encroach on private enterprise because it is more efficient and more popular. But it does not, as Communism does, set out to prohibit or prevent private enterprise. It relies for its success on its demonstrated superiority and on nothing else. As the war showed, it is extremely doubtful whether in most spheres public management can compete against the ceaseless competition of private enterprise. Moreover, every attempt to make Socialism succeed by restricting private competition, for instance by holding up land, only makes its failure more complete, by rousing indignation against it for restricting the development and enterprise upon which our civilisation depends, in order to maintain high prices or inefficiency for its own products.

Both Communism and Socialism—as systems of society—are in their essence opposed to British instincts. They came to birth in Germany and they regard the community organised as an entity—the State—as everything. And it is to the State, which is another name for officials and politicians, that they would give all power. In the British Empire a different idea prevails. The Commonwealth is a society of individuals each living his or her own life with the maximum of freedom, but regulating their conduct with other individuals in accordance with laws designed to protect each from oppression or abuse. Individualism, and individual initiative, is the very foundation of British

## The Failures of Capitalism

character. People believe in it with a passionate conviction and the working man himself is the first to resist the interference of the State. Neither Socialism nor Communism will ever succeed in the English-speaking world, even though experiments made with the nationalisation of certain monopolies, for business and similar reasons, may prove to be a success.

This does not mean that Capitalism is perfect. Far from it. But it does mean that in fundamentals there is no alternative to private property and private enterprise. The truth of the matter would seem to be that what is wrong is not the system, but the manner in which it is worked. It is rather like government. In the old days before democracy had been found a practical success, despotisms produced strong anarchical movements. In their distress people thought that government was the evil, and that if only it could be abolished human beings would spontaneously be not only free, but orderly, self-governed and happy. Experience dispelled the illusion of anarchy and showed that what was wanted was not no government, but good government. Then people set to work to improve the machinery and democracy was gradually evolved.

It is fundamentally the same with Capitalism. It is not the system which is wrong, but the way in which it is worked. Let us therefore examine for a moment where it has gone wrong, and that may point perhaps to the improvements possible in its working.

### VII. THE FAILURES OF CAPITALISM

**I**F Capitalism has achieved very remarkable results and if Socialism and Communism are not alternatives, no one can pretend that the existing system has been an unmitigated success. It is not the mere rebelliousness of human nature which produces Labour unrest, not in one

## National Prosperity and Industrial Peace

country alone but all over the world. It is that the working man recognises that there is something wrong with the working of the capitalist system. It is not easy to define what that is, but the root of the trouble may perhaps be defined as follows. The capitalist and employing classes as a whole have abused the power and privilege of their position, they have taken too much out of industry for themselves, and they have been terribly callous and indifferent to the wellbeing and happiness of the millions whom they have employed. Property rights have prevailed as against human rights.

The case against the capitalist, indeed, is the same, at bottom, as that which has been made against the feudal barons, against the Stuart kings, against the ruling families of England up to 1832, and in general against all minorities possessed over a long period of privilege and power. In all these cases the minorities in question won their position by conferring undoubted benefits upon the community, and by performing indispensable functions with sufficient competence. But one and all succumbed to the temptations of place and power and in due time have abused their powers as against their neighbours, and come to regard their privileges as a sort of natural right belonging exclusively to themselves. Perhaps the most conspicuous case was that of the ruling families of the eighteenth century. The descendants of those who had expelled James II and called in William III and so finally consolidated the powers of Parliament as against that of the Monarchy, practically usurped the royal prerogative for their own ends by making Parliament a packed body of their own nominees. And once in power, while preserving the national security and playing a leading rôle in Europe, they used their powers to protect and extend their own privileges at home. The story of the disappearance of the ancient village under the Enclosure Acts, of the degradation of the free labourer, of the ferocious game laws, of the growth of luxury and ease among the aristocracy are commonplaces of history and

## The Failures of Capitalism

have nowhere been more scathingly exposed than by Disraeli in *Sybil*.

The failure of the capitalist employer has been of the same kind. His function has been, in essence, a beneficent one. He has, in his capacity as entrepreneur, organiser, manager, or purveyor of capital, built up the economic foundation of modern civilisation, without which mankind would be without cheap transportation, cheap food, cheap literature and education, and cheap amusements. Where he has failed has been in his treatment of Labour. The story of the conditions in industry before the Factory Acts is still fresh in men's minds—of the sweated workers, of women and children working 12 to 16 hours a day for the most miserable wages, of the evils of the truck system, of the unyielding refusal to allow the working man to combine in self protection. Things are infinitely better now partly owing to legislation, partly to the efforts of the trade unions, partly to the growth of a more humane and responsible opinion among the employing classes themselves.

But things are not right yet, or nearly right. The capitalist is still too separated in point of view from his employees. He is separated from him physically in that he tends increasingly to live in rich suburbs and not to mix either in business hours or socially with the workers. He is separated from them by the fact that industry is still looked upon too exclusively as a "business" proposition, as an affair of dividends, and not as a human concern in which the wellbeing and happiness of all engaged are in the constant thought of those who have control. He is separated from them by the tradition that ownership is everything and confers rights rather than obligations, and entitles the owner to take all he can after buying labour in the cheapest market. The golden rule, "Do unto others as ye would that they should do unto you," is good business as well as good Christianity, and viewed from that standpoint the Capitalism of the day is still self-centred, grasping

## National Prosperity and Industrial Peace

and inhuman, from the point of view of those it employs. There are countless instances where this is not true. Many employers are model Christians. But looking at the system as a whole the motive of making profits first and leaving Labour to look after itself, is still predominant in the land.

It is true that Capital takes risks, and has the responsibility for making business solvent, often a grinding and remorseless responsibility. Labour never appreciates the strain and burden which the employer has to carry. It is precisely the risk and responsibility he takes that entitles the capitalist to fair profit, and makes him indispensable to Labour. But he does not take all the risk. By far the most serious risk, that of unemployment with its tragedy for women and children, is taken by the working man. The country will never recover prosperity by ignoring economic laws, as some labourites would like to believe. But neither will it recover prosperity by ignoring human feelings and human rights, and acting in the spirit of "am I my brother's keeper?" instead of that of the golden rule.

The effect of these defects can be seen in two principal evils which confront us when we look at the working of the capitalist system to-day. The first of these evils is the relation between employer and employed. In earlier times the employer wielded practically autocratic power as against Labour. He could take on or discharge. He fixed the rules as he chose. He had a preponderant power in fixing wages. He controlled the conditions of work. He alone knew the financial condition of the business and could profiteer as he chose. His autocracy in all these respects was practically unchecked, and there is no doubt that too often he used his power unmercifully. Labour has always protested and still protests against this autocracy. It claims to be consulted, to be taken into the employer's confidence, to have a voice in fixing conditions, so that it will be a partner or an associate in industry

## The Failures of Capitalism

instead of a "serf." We need not stop here to consider the way out. It is perhaps the most difficult of all industrial problems to give labour a share of responsibility and power while retaining discipline, efficiency and proper organisation. The point we wish to make now is to draw attention to the evil effects of Capital's excessive autocracy. Labour's answer has been Trade Unionism. Trade Unionism has achieved great results for the working man. It has given him status, rights and protection such as he did not possess before. But Trade Unionism has lately become a menace to national prosperity and to the security and employment of the working man because it in turn is abusing its powers and privileges. Yet Trade Unionism in its present form is the outcome of the manner in which Capital has used its position and powers in the past. The autocracy of Capital is being met by the autocracy of Labour. Thus on the one side you have constant charges by Labour that the employer is profiteering, is victimising employees, is rate-cutting unfairly, is harsh, autocratic and inhuman in his management of the works. And on the other, you have the constant charge by the employer that the trade unions are restricting output, are resisting new machinery, are sullen and unwilling and generally making it impossible for industry to live under competitive conditions. Yet no business, no industry and no nation can thrive on the basis of a constant struggle, and of the use of force—strike or lock-out—by two partners who are indispensable to one another. This then is the first great defect in the working of Capitalism, that it has led to a state of war between Capital and Labour which is a grave menace not only to employer and employed but to the community and its prosperity as a whole.

The second respect in which the existing order is unsatisfactory is in the distribution of the proceeds of industry between employers and employed. If we look at Great Britain or any other industrial country since the industrial revolution it becomes obvious that the great

## National Prosperity and Industrial Peace

bulk of accumulated wealth stays in the hands of a relatively small financial aristocracy, while the mass of the population remains at or near the subsistence level. That subsistence level has risen during the war, but the rise was due to artificial conditions and the tendency to-day is for it to fall again to the 1914 level, if not below it. Further, while before the war certain of the working classes were above the subsistence level, a very large section—what Sir Henry Campbell-Bannerman once called the submerged tenth—were chronically below it. Finally, the whole working population was open to the constant devastating menace of unemployment with its terrible suffering and anxiety for women and children.

Nobody can say that this is a healthy condition for any nation. Not only does it mean poverty and privation at one end of the scale, and luxury and display and social exclusiveness at the other, but it breeds a sense of injustice and class feeling which permeates and damages every aspect of the national life. The strength of the Labour movement to-day lies very largely in its passionate determination to prevent the continuance of a state of affairs which, as things stand to-day, will produce for ever a steadily increasing feudalism of wealth. Sir Robert Hadfield said only the other day that before the war Capital took too much out of industry as compared with Labour. And the co-partnership settlement of the coal dispute admits the same thing. In its general attitude on this point Labour is right. No community can be healthy or happy or united in which there are such immense inequalities of wealth. The happy nation is the one in which all have plenty, social barriers are swept away and there is intercourse and friendliness between all classes. Yet what prospect is there of the existing order eventually yielding such a result? There is none. No sensible man can believe that if things went on as they were before the war, at the end of fifty years the rich would not be richer, more exclusive in their society, and more lavish in their display, while the working classes,

## The Failures of Labourism

even if their standards of living had risen somewhat, would not still be what they are to-day, the hewers of wood and the drawers of water for the financial aristocracy of the times.

Finally, Capitalism has prided itself on one virtue, efficiency. Recent events, particularly the coal strike, have given a rude blow to this pride. It is no longer possible to say that all ability and knowledge is confined to capitalist ranks, and that Labour cannot add to the efficiency and wisdom of management. Capitalism in England has too often shown itself wooden, traditional, as slow to make changes in its methods as the trade unions have been to make changes in their rules. It has resisted wages where with more efficiency and alertness and enterprise on its own side it could have paid them. There is little doubt that with confidence and good feeling Labour could make its contribution to efficiency and low working costs in other ways than by the use of its strong right arm alone.

### VIII. THE FAILURES OF LABOURISM

**A**S usual when there is a quarrel, there are two sides to the question. We have seen something of the capitalists' mistakes, and in so far as Capital has had the power the greater share of the responsibility for our present troubles must be laid upon its shoulders. Still there is a heavy charge to be laid against organised Labour too, for their conduct in recent years.

The early history of the trade union movement was one of hard struggle against great odds by a set of remarkable men. The power of the employer was enormous. Till the extension of the franchise he had behind him the support of Parliament and the governing classes. For decades it was illegal for workmen to combine. Yet despite all difficulties Trade Unionism through the moderation and good sense of its leadership gradually won



## National Prosperity and Industrial Peace

wages and hours and conditions of work which were an immense advance on those prevalent in the early Victorian age, and gave to the organised workers a power and status very different from that of their agricultural fellows.

But of late years another tendency has made itself manifest in the trade union world. Partly owing to the spread of doctrines from the continent of Europe, partly owing to the entry into trade union activities of a younger class, better educated and with stronger ambition, the policy of the trade union movement has of late deserted its original sphere—the improvement of the working of the economic system in the interest of the worker—and has become largely political in character. In some measure that has been right and desirable. But together with an honest consideration of the wider aspects of social and economic policy there has grown up also the doctrine of class war. Instead of the gospel of co-operation, Labour literature has preached a gospel of hatred of Capitalism and of non-co-operation with capitalists as a class. It has promised vague socialist or syndicalist millenniums if only the rank and file would follow its leadership and strike or vote to order. Instead of studying economics scientifically and with a view to finding out how industry, out of which alone wages can be paid, as a whole would prosper, the Labour world has ignored the fundamental truth that high wages and short hours can come only from work efficiency, capital and enterprise, and has toyed with the idea that they can come from a redistribution of accumulated wealth or the reconstruction of society on socialist lines. The capitalist has been elevated into a monster, and everything that could hinder his lawful activity, trade union restrictions, ca' canny, strikes, were regarded as good things in themselves, because even if not immediately successful, they all helped to bring into discredit and ruin the existing individualist system of society.

In consequence the Labour world to-day is not doing

## The Failures of Labourism

what will in practice help to improve the lot of the working man and the prosperity of the nation. Its policy is as one-sided on its side as Capital's on the other. It is as callous and indifferent to the first principles of industrial enterprise, as Capital has been to the humanities of industry. It is drifting along preaching an economic Socialism in the form of nationalisation which its most responsible leaders do not believe in. It is hindering by its rules and regulations and its tacit condonation of class war the reduction of the cost of production, which multiplies unemployment. And it is contenting itself with fighting rearguard actions against reductions of wages on lines suited to the mid-Victorian era, but utterly inappropriate to the times in which we live, and utterly futile from the point of view of bettering permanently its clients. As we have seen, Socialism is not going to solve the industrial problem and provide employment for all at adequate wages. Nothing is going to do that but enterprise, efficiency, saving and hard work on the part of all, resulting in Great Britain selling good articles at cheap prices and entering once more into its rôle of adventurous enterprise. Yet Labour shows no more comprehension of this than Capital shows of Labour's point of view. It goes on grinding out hatred of the capitalist system, talking about nationalisation and socialisation as a universal panacea, while in practice its policy is hindering the only process by which as a nation we can get back to high wages, short hours and full employment.

If therefore we say that the present state of affairs is partly due to the callousness and greed of a great part of Capital, we must also add that it is due to the hatreds and the false economics of a great part of Labour.

Capital is not in itself a monster. It represents creative power, organising ability, the willingness to sink money in taking risks in making some new utility for the sake of future returns. It represents all that side of industry which precedes full employment. Without Capital, Labour

## National Prosperity and Industrial Peace

cannot earn wages or secure employment in the modern world, just as without Labour Capital cannot earn dividends. Just digging a hole, however hard the work, will not produce a living. It is digging it in the right place that matters, and those who can organise Labour so that its energy is productive deserve not only a fair profit, but recognition and support. Labour cannot work for months and years without wages, building great buildings or docks in the expectation of the public using them, because it has to live in the meantime. Nor can it afford to take the risk involved in great enterprises. All this is the function of Capital, an indispensable function, indispensable alike to Labour and the progress of civilisation, and one entitled to fair reward. And that is why all plans for Syndicalism and Guild Socialism, in so far as they are attempts to get rid of Capital and the capitalist, and not improved systems for co-operating with them, will also fail. They are nearly all vitiated by the desire to eliminate the capitalist as such instead of by the far saner idea of keeping him within his legitimate place.

To talk about profits as evil is sheer nonsense. Profits are the reward of foresight and judgment or the intelligent taking of risks, or of lending to others of your own substance in order that some new idea or method may be made available for man, just as wages are the return for Labour. Profiteering—that is, taking an unjust share of return as against the share given to Labour, or charging unfair prices to the consumer, by combination or monopoly—profiteering is wrong, exactly like taking a fair day's wages for a half day's work is wrong, and both are bad economics as well as bad morality.

And if we look at the problem on the largest lines what is the ultimate way out? Is it not that all should be both workers and capitalists themselves? Both are functions which every individual ought to perform, and in proportion as he does them skilfully ought he to secure a due reward. And in no other way is it possible for the

## The Way Out

working man to lift himself permanently on to a secure basis. There will for many a decade be a certain amount of insecurity in employment. You must not and you ought not to get rid of competition in industry. It is the breath of progress and of life. What matters is making the main-spring of competition emulation and not the destruction of a rival. Despite all that can be done by Labour Exchanges, therefore, to facilitate movement, there will be periods of uncertainty for Labour, just as there will be ups and downs for Capital. The real security is investment, for it both provides against bad times and steadily raises the standard of living in good times. And investment is a good thing in itself for it encourages that creative and developing process without which no country can give full employment to its people. If therefore we look forward will not the social millennium be nearer, not when everybody is socialised, but when every citizen does his day's work, finding his happiness in such service, and when every citizen is also a capitalist investing his savings intelligently and constructively and drawing from them a steady income which will lift him permanently above the fluctuating level of wages due to foreign competition, and also give him that margin which he needs for the recreation and education of himself and his family? In this way and in no other can prosperity, equality and freedom be combined.

### IX. THE WAY OUT

**I**F the ideas in the foregoing pages are fundamentally sound the way out of the Capital and Labour impasse is the recognition by both sides that they must work together on fair terms. Capital has to make up its mind to take Labour into partnership, treat it as an associate equally concerned with itself in the success and conduct of business, and distribute the proceeds on a basis which is just, and recognise that the well-being and contentment of the

## National Prosperity and Industrial Peace

employé are as important an end as efficiency and dividends. Labour on the other hand has to drop the class war and the social revolutionary millennium, and accept partnership with Capital on terms which secure it a fair share in their joint enterprise, and then do its best to make the partnership a success.

It is not the purpose of this article to work out details. Nor would it be of use to attempt to do so. It is impossible to dogmatise about the terms of partnership. Some people declare for co-partnership, others for the representation of the workers on the Boards of Directors, some for guilds, others for other schemes. All we can say is that the conditions of industry vary so infinitely that no one system will work universally. Each industry, perhaps each business, must work things out for itself. What matters is a change of attitude on both sides—a friendliness, a trust, a determination to co-operate and share justly and fairly with others, a recognition of mutual service, a willingness to work, a spirit of real and true comradeship, open diplomacy with the cards on the table. 'This spirit is the only thing which will transform industry. When both parties, forgetting the past and dealing justly, fairly and openly with one another, agree to work loyally together, giving to each a fair share in good times and bad times alike, then industry will begin to revive. Strikes and lock-outs will cease, output will rise, costs will fall, wages will rise and savings increase, the factory or the mine will be a happy instead of a sullen spot, and ways and means will be found for mitigating in each industry that greatest of all troubles of Labour, unemployment. The spectacle—the barbarous spectacle to which we are now accustomed of seeing ever greater aggregations of capital and ever larger alliances of Labour organising for war against one another when they ought to be dealing with the problems of industry hand in hand—will disappear, and as the proceeds of industry are more justly distributed and association between Capital and Labour becomes more friendly, the social gulf will begin

## The Way Out

to disappear, the class divisions will lessen, and the working man will be able through his savings to share as a shareholder in the problems which confront the capitalist. Capital and the menace of a financial feudalism living on an underpaid people will vanish away.

This is not the whole story. But it is the beginning. There are many other features of the existing economic order, other than the relations between Capital and Labour, which require examination and reform. The watering of capital, the conditions under which Companies and amalgamations are floated, the methods by which their conduct is controlled by shareholders, a whole collection of international industrial problems, are waiting for solution. There is the question of whether the State cannot find some better way of dealing with the aggregation of excessive wealth in a few private hands than by income tax and death duties. There is the problem of the idle rich. But all these problems will be dealt with both more wisely and more rapidly, once the present insane conflict between organised Capital and organised Labour is out of the way, and the brains of Labour, instead of toying with plans for destroying Capitalism, turn their attention to improving the efficiency and the justice of the existing economic structure.

It is in this way and in this way alone that we shall come through our present impasse. Until we get a real concordat between Capital and Labour based upon an agreement as to the future, we cannot get back to the prosperity, the wages and the employment of 1914, far less better them. Nor shall we be able to make our national finances balance or be able to support our unemployed with adequate doles. When everybody works his best, because he knows his work will bring him a just return, when efficiency rises because both Capital and Labour have ceased to quarrel and have put their minds into the problem of developing trade and markets, when enterprise is encouraged and made possible, because all classes recognise the necessity and the public

## National Prosperity and Industrial Peace

spirit of saving, when the class war has made way for class co-operation because all recognise that it is right that everybody should be at once a worker and a capitalist, then things will begin to move. Foreign trade will revive, because enterprise has revived, orders will come in and employment will return, and we shall see a society, freer, more prosperous, more equal, fully employed, more democratic, and far happier and more contented than it is to-day.

This may seem an optimistic dream. But on a dispassionate survey is there any other way? We cannot attain it by going on as we are. We cannot attain it by revolutionary and socialistic panaceas. Is there any other road than the old one of substituting friendship for hatred, co-operation for autocracy or conflict, sharing and fair play for greed and callousness, ending in hard work, efficiency and good will in supplying our own and one another's needs? And when we tread this road shall we not find that it is leading in truth to the very goal of social happiness and national peace which we have all had in view?

## THE IMPERIAL CONFERENCE FROM AN AMERICAN STANDPOINT

*The following article is from an American pen and the second part of it is of particular interest at the present moment in view of the Conference that is to take place in the Autumn at Washington, for it deals with the Anglo-Japanese Alliance from an American point of view. The standpoint taken by the writer is not one for which we accept responsibility. It differs indeed in some respects fundamentally from our own. Simply to break the old tie with our Japanese Allies would, we believe, considerably increase the risk of another world war, in which the dividing line would this time be "colour" and the resulting bitterness, thanks to the chasm that already separates East and West, even greater than that which has been left by the late struggle. No one can foretell the future. It lies on the knees of the Gods, but its main hope rests, we are convinced, not in the abandonment of such association as already exists, but rather in its adaptation and in its extension to the other great nations whose interests intermingle in the Pacific so that all of us may work together for the good of East and West alike. In particular we feel that the welfare of China depends upon such co-operation being established. To play our part at the side of our kinsmen across the Atlantic has long been the most cherished desire of our people. To use the Prime Minister's words at the Imperial Conference it is "a cardinal principle for us." \** Once already this desire

\* The terms in which the Conference itself endorsed this view will be found in its report which was issued after this note was printed.



## The Imperial Conference from an

*has been fulfilled, in war, and now the coming Conference opens a prospect of further association which this time, if our hopes are realised, will preserve the peace of the world at present threatened by the storm clouds in the Pacific. For it would embrace not only those who to-day are friends or allies, but also those who are potential enemies. Existing friendships and ties will indeed for such an end be of the utmost value, for the influence that they carry with them can and must be used to bring about a general co-operation. Once it is established, differences and antagonisms, which a cleavage on colour lines would accentuate and perpetuate, will melt away.*

*The peculiar character of our world-wide Commonwealth places it in an unusually favourable position to assist this much to be desired result. We are of the West just as America is, but we have had an unusually long and close connection with the East, and the East as well as the West has its part in our Commonwealth in which one of the greatest of Eastern peoples is fast assuming a place hitherto reserved for the White Dominions.*

*The secrets of the Oriental mind are considered to be inscrutable for the West, and to-day want of contact, to use the word in a human and psychological rather than in a physical sense, for there can be intercourse without touch, is one of the chief factors that keeps the two worlds apart. The danger to-day lies indeed not in any desire for war—no one wants it—but rather in the growth of a sort of fatalism bred of despair which comes more than anything else from a want of mutual understanding.*

*Here again it will help matters that our system embraces so much that belongs to the East and that it should be so closely connected with it.*

*At this moment above everything else something is wanted to span the gulf between the Western world and Asia, and it is our belief that our Commonwealth can and should supply the bridge.—EDITOR.*

# American Standpoint

## I

**E**VEN apart from the interest which Americans must always take in the affairs of the British Empire, there are features of the Imperial Conference which make it uniquely interesting on this side of the Atlantic and, shall we add, on this side of the Pacific. As a former member of the British Imperial family, America has a more than passing interest in the solutions which are to govern the future of that family. In considering that future, one almost inevitably glances down the vistas of the past. It is difficult to forbear from speculation as to what might have happened if Lord North in the year 1774, instead of furthering the passage of the Boston Port Act and the Massachusetts Government Act to bring the Bostonians "to a speedy submission," had asked Patrick Henry and the Adamses, George Washington, Benjamin Franklin and Thomas Jefferson to a conference in London. If such a course had been pursued, American history would certainly have been quite another story, a story in which very possibly Thomas Paine would not have heard "the weeping voice of Nature" cry "'Tis time to part," the Virginians might not have felt that "George the third, King of Great Britain and Ireland, and Elector of Hanover, heretofore entrusted with the exercise of the kingly office in this government hath endeavoured to pervert the same into a detestable and insupportable tyranny," and the good citizens of Philadelphia might not have been disturbed by the clangor of bells in Independence Hall.

So much for the thoughts of history as it might have been. To those Americans whose interest in British affairs consists mostly in preoccupation with the Irish question, it is probably of greater interest to note that while many statesmen advocate the Dominion status as the only true solution of the Irish problem, others are busy in an attempt to determine what the "Dominion status" really means.

## The Imperial Conference from an

And that in itself is a problem of sufficient import to challenge the capacity of the ablest statesman.

What does the Dominion status mean with respect to imperial diplomacy, imperial citizenship, and imperial defence? These are a few phases of the problem which the British Empire or the British Commonwealth must settle. They are the household questions of the British family. If the Imperial Conference can settle them, it will indeed have done a great work. If the Imperial Conference can even agree on a few broad principles under which posterity may work out imperial relationships it will have done a great work. Very likely, however, the Conference will do neither and on that account it is not to be esteemed the less highly. The British way in politics has ever been to proceed from practice to principles. So it is no surprise to be told that the Conference is not to be a discussion about the constitutional relations of the constituent States but about immediate practical programmes.

Nevertheless it appears to Americans that apart from theoretical questions which give rise to the most fascinating and inexhaustible speculations and apart from the future of the Anglo-Japanese Alliance which we consider later, the Conference must reach conclusions which are of the utmost practical consequence to America. Suppose, for instance, that we wish to adopt with Australia some common policy with reference to Asiatic immigration. May we deal directly with Australia or must all negotiations now as in the past be with the Foreign or Colonial Offices in London? May we make this arrangement with Canada and that with Australia and the other with the United Kingdom? If we deal with Australia alone, may we assume that our contracts will be given full faith and credit in London? On such questions as these it would probably be as presumptuous for an American to advise as to predict. If, however, the principle of federation is to be regarded in the future of the Empire, imperial statesmen can afford

## American Standpoint

to give more than a cursory attention to the study of American history and government.

The American solution for the Union of the thirteen original colonies, it is scarcely necessary to remind British readers, consisted of a Federal legislature with a Federal judiciary and a Federal executive. Through that Federal executive all treaties must be negotiated. Ratification thereof must subsequently be given by a two-thirds vote of the upper Chamber of the Federal legislature in which each of the states has equal representation. Nothing of course could be more contrary to the spirit of American Union, than that California should restrict Asiatic immigration and Oregon permit it or that North Dakota should have reciprocity with Canada and Maine a protective tariff on potatoes and pulpwood. If the new British system is to permit to the Dominions any such liberty with regard to foreign affairs and the diversity of relationships which such a liberty presupposes then the several component states of the British Commonwealth are to enjoy an autonomy quite undreamed of by any member of the American federation. This of course is to be taken as a simple statement of facts and not as an argument. Canada and Australia though respectively less populous than New York or Illinois are of course nations in a sense that the latter can never be. And it may well be that the great component parts of the Empire should be granted an autonomy far wider than any known in the American Union of States. This is implicit in Mr. Lloyd George's assertion that "in recognition of their services and achievements in the war the British Dominions have now been accepted fully into the comity of nations by the whole world. . . . They have achieved full national status, and they now stand beside the United Kingdom as equal partners in the dignities and responsibilities of the British Commonwealth." It is equally implicit in the public utterances of many Dominion statesmen. The promised presence of a Canadian Minister at Washington is evidence

'The Imperial Conference from an  
of the adoption of this principle. And yet we are in the dark as to what may be the scope of such an envoy's authorities. Nor do we know what intentions exist as to the presence at Washington of other Dominion representatives. Undoubtedly the relations of the United States with Canada are of unique intimacy. Nevertheless if the principle of Dominion diplomatic representation is once accepted, it seems but justice to accord to Washington the privilege of receiving representatives from Newfoundland and South Africa, Australia and New Zealand.

The point which strikes an American most forcibly is that while the Imperial Conference is apparently quite a definite step toward a federal executive of the British Empire, and the Judicial Committee of Privy Council has some features of a federal judiciary, there appears to be thus far almost no step toward a federal legislature. There seems to arise therefore an anomalous situation. The Parliament at Westminster is supreme within the Empire while the Executive in Downing Street is an executive for the United Kingdom only and not for the Empire. Or if it be granted that the Parliament at Westminster is to waive all claim to the supremacy on which for so long it insisted, wherein lies the power to legislate for the Empire? Surely not at Ottawa or Canberra or Cape Town. And if there is no legislative supremacy what becomes of imperial unity? What about our cherished friend the Austrian sovereign? Suppose that while an Australian premier is conferring with his colleagues in London he is overturned by his constituents at home. Would not this have almost as unhappy effect on the deliberations of an Imperial Cabinet as the defeat of Mr. Wilson at home had upon the Treaty of Versailles?

The doctrine of the hour is not imperial unity but Dominion autonomy. There has been, to be sure, a suggestion that the House of Lords should include representatives from the Dominions and such a step would undoubtedly be in the direction of a true Imperial Legis-

## American Standpoint

lature, but so far as we know in America the suggestion has not been viewed as practicable or useful. And we are forced to return to the conception of six or seven independent nations struggling it may be toward a common goal, but each at liberty to choose its own path. In short we are constrained to see the Empire as a Crown and not a Legislature. Of what goes on from day to day at the Conference we in America are permitted to know almost nothing. But we observe these tendencies and recall the Nationalist movement in Egypt and in India, the cry for self-determination in Ireland, and the general election on the separation issue in South Africa.

Does it mean that without any sensational disruption, the Empire is really peaceably disintegrating just as some vast fragment of the Greenland ice-cap drifting southward into the rays of a warmer sun is transformed into a dozen glistening icebergs ? We venture to express the hope that it does not. In spite of the Irish question there are many Americans who look upon the British Empire as a whole not merely greater than any of its parts but greater than the sum of all its parts. They believe that with the American Commonwealth it is the greatest instrument of civilisation on the globe ; that properly administered it promises more blessings to mankind than any single human institution ; that it is in fact in the words of the British Premier, “ the most hopeful experiment in human organisation which the world has yet seen,”—“ a saving fact in a very distracted world.” Is it any wonder therefore that intelligent Americans regard almost with bated breath the result of the determinations in London ?

# *The Imperial Conference from an*

## II

**A**MERICAN interest in the Imperial Conference is not, however, confined to an interest in the future of the British Empire. Of even more immediate concern to America is the renewal or the termination of the Anglo-Japanese Alliance. Nothing but adherence to the order of climax could justify any postponement of the discussion of this topic to the domestic questions of the Empire however vital. To America the Anglo-Japanese Alliance is the all-important thing.

As these words are being written the news is announced that President Harding has called for a conference of the Great Powers on the question of disarmament. It is tacitly understood that such a conference will comprehend within the scope of its agenda the adjustment of international relations on the Pacific and in the Far East and that before the Conference there can be no effectual conclusive action on the Anglo-Japanese Alliance. This is precisely as it should be, at least from the American standpoint. Nevertheless as the question is one of the very highest importance, not only for America and the High Contracting Parties, but for the world at large, it is proper to discuss it at considerable length.

The history of the Anglo-Japanese Alliance is set forth in *THE ROUND TABLE* for December 1920. The importance of the Alliance is commensurate with the importance of the Pacific as a basin for the world's commerce. It is impossible to over-estimate it. Nothing said at the Conference will ring truer to American ears than the words of General Smuts :—

Undoubtedly the scene has shifted away from Europe to the Far East and to the Pacific. The problems of the Pacific are to my mind the world problems of the next fifty years or more. . . . Three of the Dominions border on the Pacific. . . . There, too, are the United States and Japan. There also is China; the fate of the greatest human population on Earth will have to be decided. There Europe,

## American Standpoint

Asia, and America are meeting, and there, I believe, the next great chapter in human history will be enacted.

Inextricably involved with the Anglo-Japanese Alliance is the question of disarmament and naval policy. The best approach to the consideration of the Alliance is indeed from the standpoint of disarmament; and this will certainly be the approach taken by the Conference that is to assemble in Washington on November 11, 1921. There is really only one feeling in the world about disarmament. There is not a responsible statesman anywhere who does not know that competitive armaments are the way to utter ruin. There is not one who does not know that the logical outcome of competitive armaments is suspicion, that the outcome of suspicion is war, that the outcome of war may ultimately be the virtual extermination of human life on this planet.

On the other hand the difficulty which has proved hitherto insuperable is to get any two statesmen, still more any two nations, to agree on the mechanism of disarmament. This difficulty is born of the distrust that lies at the base of almost all international relationship. The thesis of this article is that the Anglo-Japanese Alliance breeds distrust and should be terminated.

The existing treaty, it is said, could not oblige Britain to go to war with America on account of Article IV which exempts either party from going to war with a nation with whom it has a treaty of arbitration. It is true that an arbitration treaty between Britain and America was negotiated by Mr. Bryan in 1911. But this treaty was never ratified and it is therefore doubtful whether Article IV has the effect commonly ascribed to it. This, however, is a point of minor importance because no doubt in any renewal of the treaty there would be a provision expressly and unmistakably negating the possibility of any combination of the Contracting Parties against America. The leading British statesmen have spared no pains to point this



## *The Imperial Conference from an*

out. Viscount Grey said it clearly a good while ago. Mr. Austen Chamberlain has said : " We shall be no party to any alliance directed against America or under which we can be called upon to act against America." Mr. Lloyd George and all the Dominion premiers have said the same. Lord Northcliffe has told us our suspicions are unfounded and gone to great length of analysis to show why. Baron Hayashi has assured us " with all the emphasis at his command that the Alliance will never stand in the way of the good understanding and friendly relations between Great Britain and the United States of America." Baron Shidehara, the Japanese Minister at Washington, has said it all over again more plaintively than anyone. And a chorus of statesmen and diplomats has chimed in. 'There is something disturbing to Americans in all this protest of good will. There is something to suggest that these gentlemen protest too much.

One cannot of course be too cautious in describing public opinion in America on the Anglo-Japanese Alliance. It is probably safe to assume that not ten per cent. of the American population has ever heard of it and that in the average mind it is far inferior in public interest to the Dempsey-Carpentier " fight " just as the average Englishman would probably esteem it as of far less consequence than the winning of the Derby. We are speaking, be it remembered, of public opinion in that informed minority who bother themselves with questions of international politics. For them it is not sufficient to be assured that the Alliance is not " aimed at the United States." Very few Americans outside Mr. Hearst and a limited group have so complete a distrust for Britain as to suppose that she is leaguering herself with Japan for the purpose of fighting us. But Americans do wish to know the real reason for the continuation of the Alliance. They regard the burden of proof as on the supporters of the Alliance to explain it and show that it is good.

When the Alliance was formed Imperial Germany with

## American Standpoint

an ever-increasing sea-power was threatening to dominate the Orient. And the vast Russian grizzly was having his portrait painted by all the cartoonists with a huge forepaw reaching out from the snows of the Himalayas to the suns of India. The danger from Germany is now removed. The danger from Russia is removed. Whatever the menace of Bolshevism to India it is scarcely a menace which the Anglo-Japanese Alliance will mitigate. There appears therefore to be no occasion for the Alliance on its defensive side. If it exists simply as an expression of international friendship and amiability, why should it be of the limited bipartite character which it now possesses ?

If we look to Mr. Lloyd George's statements as to the reasons for the continuance of the Alliance we find him reported as saying :

We have found Japan a faithful ally who rendered us valuable assistance in an hour of serious and very critical need. The British Empire will not easily forget that Japanese men of war escorted the transports which brought the Australian and New Zealand forces to Europe at a time when German cruisers were still at large in the Indian and Pacific oceans. We desire to preserve that well-earned friendship which has stood us both in good stead, and to apply it to the solution of all questions in the Far East where Japan has special interests and where we ourselves like the United States desire equal opportunity and the open door. Not least among these is the future of China, which looks to us as to the United States for sympathetic treatment and fair play.

Precisely so. *Mutatis mutandis* these words might have been penned by the American State Department. They offend no one. But if grounds of gratitude and friendliness are to be the bases of a new alliance we repeat why should that alliance be limited in its character ? And why should it be between Japan and Britain more than between Britain and France or Britain and the United States or forsooth between the United States and China ? And yet what feelings would be aroused in England by an Americo-Chinese Alliance ? Can anybody imagine a more sinister reversion to the doctrine of the balance of power

## The Imperial Conference from an

than the setting of an Anglo-Japanese Alliance off against an Americo-Chinese Alliance? And is it any argument for either alliance to say that it is not likely to provoke retaliatory alliances?

It may seem very foolish now to remind ourselves that five years ago we were talking of the "war to end war." If these better dreams of mankind are all to be discarded and the worst that has been said in America of the League of Nations to be accepted as the gospel, then perhaps there is nothing in the Alliance one can object to. But if we are to do anything to make the new era one of general amity instead of one of amity by contract for a valuable consideration, there seems to be no defence for the Anglo-Japanese coalition. It can accomplish no good thing which cannot be better accomplished without it. It can most certainly accomplish evil which may otherwise be avoided.

In the ultimate action on the Alliance, America is likely to read her answer to the solemn questions of General Smuts:—

Will the new history of the Pacific be along the old lines, will it be the old spirit of national and imperial domination which has been the undoing of Europe, or shall we have learned our lesson, shall we have purged our souls in the fire through which we have passed? Will it be a future of peaceful co-operation, of friendly co-ordination of all the vast interests at stake? Shall we act in continuous friendly consultation, in the true spirit of a society of nations, or will there once more be a repetition of rival groups, of exclusive alliances, and finally of a terrible catastrophe more fatal than the one we have passed through?

Meantime our thoughts turn hopefully to the next great International Conference—that which is to assemble in Washington on November 11, 1921. Nothing since November 11, 1918, has raised the hopes of mankind higher than the prospect of real accomplishment in the direction of disarmament and international candour. There are those to be sure who warn us that "nothing can be done."

## American Standpoint

There are those who see in Mr. Harding's invitation only a clever political gesture. There are others, irreconcilable others, who see in the prospect a dangerous step away from the declared principle of American "non-involvement" in international affairs. They point out that one cannot discuss disarmament at sea without discussing also disarmament on land, and that the question of armament on land is inseparably connected with the question of reparations and the enforcement of the Treaty of Versailles. There seems to be considerable force in this apprehension. To others it will appear as a hopeful sign that this Conference whatever its nominal purpose and whatever its formal agenda cannot fail to become a clearing house of ideas. It will certainly have a far wider scope than would the conference proposed by Senator Borah when he moved as an amendment to the Naval Bill in the Senate—

that the President be authorized and requested to invite the Governments of Great Britain and Japan to send representatives to a conference which shall be charged with the duty of promptly entering into an understanding or agreement by which the naval expenditures and building programs of said Governments—the United States, Great Britain and Japan—shall be reduced annually during the next five years to such an extent and upon such terms as may be agreed upon, which understanding or agreement is to be reported to the respective governments for approval.

It is fortunate on the whole that the Conference will be held in Washington where it will seem to suspicious Americans as rather more of a domestic growth than anything produced in the hothouses of Versailles. The unhappy experiences of 1919 should afford us a wholesome lesson from many points of view. One would like to have a fine phrase of Mr. Wilson's reinvested with meaning. One would like to be able to speak without rather a bitter smile of "open covenants openly arrived at."

The United States of America.

July 22, 1921.

# PROBLEMS OF EUROPE

## I. INTRODUCTION

SOME months ago when Lord Derby resigned the post of British Ambassador at Paris, he made a speech in which he advocated an open alliance between France and England. The proposal attracted attention; it was for a short time the subject of comment and discussion, but it has gradually been dropped. The reason seems to be that no one can approach the question without realising how great are the complexities of it. It may truthfully be said that the problems of our foreign policy are to be summed up in the relations to the United States and to France. In order to understand the full complexity of the latter we must disentangle the different threads of which the present tie is composed. Let us first go back to the early days of the Entente. What happened in 1904 was that the two Governments agreed to a friendly settlement of numerous points of conflict which had arisen in different parts of the world, Egypt, Morocco, Newfoundland, the Far East. It was found that with a genuine desire to come to an agreement, matters which had brought the two countries to the very verge of war could, if discussed on their merits, be settled in a manner which was satisfactory to both parties. The first stage then was the removal of positive grounds of difference. This naturally led to a disposition towards a frank and friendly discussion of new problems as they might arise, which was of great value to both sides. If the Entente quickly developed into

## Introduction

something which was scarcely distinguishable from a formal alliance, the cause must be found in the action of Germany. It was Germany who, by attempting to destroy the Entente, the existence of which was most inconvenient to her, strengthened and cemented it. For nearly ten years the process continued. It was to the interest of German ambitions that she, as the strongest military and even naval Power on the Continent, should have to deal only with isolated states; as soon as England and France came together Germany found that she was confronted by a diplomatic group strong enough to force her to consider its wishes. Again and again the attempt to break up this group led Europe to the verge of war, and ultimately in 1914 brought about the war. It was the war and co-operation against German aggression which was the basis of the actual alliance that was then founded.

The third stage came with the end of the war. In the liquidation of the problems of the peace France and England were more than friends, more than allies; they were partners; they had joint responsibilities which forced them to act as one. The final decision on all matters concerning the peace lay with the Supreme Council of the Allied and Associated Powers, and this Council could not act unless France and England were in full and harmonious agreement. What Europe is suffering from is the strain placed on both countries by this forced co-operation, necessary though it is both in their own interest and in those of Europe itself. The effect of it is not unlike that of a marriage, which often threatens to destroy friendship. We have ceased to be free agents; the two countries are obliged to act as one although in truth on many points their objects and ambitions are very different, and in some cases opposed to one another.

This fundamental difficulty has been illustrated by the chronic crisis over Upper Silesia. The settlement of the Upper Silesian question is part of the Treaty of Versailles and therefore it cannot be dealt with except by the

## Problems of Europe

Principal Allied and Associated Powers acting together. This co-operation requires two things, first an agreement as to the interpretation of the Treaty and as to such action as is under the Treaty left to the discretion of the Allied Powers, and secondly, when this agreement has been reached, the fullest and most loyal co-operation in carrying it out. Separate action by any of the Allies must have most dangerous consequences and we may say even more than this, that where there is a difference of opinion between them, it is of the highest importance that it should be settled by confidential discussions and not unnecessarily proclaimed to the world. Nothing has done so much injury to the harmony of the Allies as the fact that whenever there has been, as there inevitably must from time to time be, a divergence of view, this seems to have been immediately disclosed to the Press and has become the subject of acrimonious articles. In other matters also there was grave reason to suspect that the spirit of loyalty had been wanting, especially as to Upper Silesia. English opinion has been very gravely disturbed by the rumours which have reached us as to the action of the French troops, the French representatives and the French Government during recent months. There were reports which if true indicated that the Polish rising which took place in the month of April was largely due to the scarcely veiled goodwill, some said actual co-operation, of the French. It was an attempt to force the hands of the local Commission and of the Supreme Council by violence and intimidation, an attempt similar to those of d'Annunzio in Fiume and of Zeligowski in Vilna. That such attempts should be made is inevitable in the still disturbed condition of Europe ; against them the only weapon is the loyal co-operation of the Allies with one another. It is this that we have the right to expect from each other, and without this, continued co-operation is impossible. But if this co-operation ceases, Europe must relapse into a state of anarchy. Whether for good or evil, the treaties of Paris are at the moment the law ; if in any

## Introduction

respect they are badly devised, then they can be altered ; but revision is only possible by the unanimous agreement of the Allies. So long as they stand they must be enforced. But again, enforcement can only be by the joint action of the Principal Allied and Associated Powers. An admirable illustration was given during the grave crisis which supervened at the end of July. The French addressed an imperative demand to Berlin that the German Government should make preparations for dispatching additional French reinforcements to Upper Silesia. This demand was made, however, in the name of the French Government alone. The German Government quite correctly answered that under the Treaty there was no obligation on Germany to meet such requests unless they were officially made in the name of the Principal Allied and Associated Powers. By acting alone the French would themselves be virtually transgressing the Treaty on which the whole of their claims and position in Europe now depend.

As has so often happened during the last two years, a way was found out of the immediate crisis ; as soon as the French gave up their claim to independent action the British Government used all its resources to help to ease a false position. But after all, as has so often happened in the past, it was only the immediate difficulty which was surmounted ; the fundamental divergence of opinion still remains. At the time of writing we do not know whether the Supreme Council will find it possible to come to any agreement on the Upper Silesian question.\* All that we know is that the British, rightly seeing that once a plebiscite had been held, it was their absolute duty to carry out the verdict of the people in strict impartiality as between Germany and Poland, have contended that the industrial area shall be assigned to Germany. It is equally obvious that a strong party in France which always has in view not so much the verdict of the plebiscite as what they consider to be the permanent interests of France and

\* See the note which appears on page 860.



## Problems of Europe

Poland, were determined in some way or other to prevent Germany continuing to control the great resources of this district. Were the two Powers each to maintain such an attitude, no manœuvring, no arrangements—whether with Italy or with Belgium—would be of any use. The Supreme Council must give its decision; the decision must be a unanimous one, but that fundamental agreement on which alone a unanimous decision can be based, is wanting.

Now the difficulties which have arisen with regard to Upper Silesia are particularly instructive, for they arise not out of any accidental or local circumstances, but because there is at bottom a fundamental divergence of view in France and Great Britain which affects their whole attitude towards the new Poland. It may therefore be useful to give a brief recapitulation of the main points in what we may call the Polish question.

### II. POLAND

THERE is probably no country in Europe in regard to which English opinion was, in the years before the war, so ill-informed as Poland. Few English travellers visited the country, fewer knew the language. Poland was a name associated with the romantic conceptions of politics that held sway in the first half of the nineteenth century. The country was known only by the exiles and the musicians, and in matters of practical politics exiles are perhaps even a worse guide than musicians. That the partitions of Poland had been a great crime against which Pitt could only issue an unavailing protest, that the Poles were subjected to harsh disabilities in Prussia and to cruel oppression in Russia, served to produce a conviction that some time or another it was a crime that should be expiated. But the restoration of Poland was not then practical politics. It belonged to the realm of Utopias.

This was changed by the war. The partition of Poland had depended on the coalition of the three great Eastern

## Poland

Monarchies ; so long as they remained united, the liberal Western Powers could do nothing, as had been conclusively shown in 1863. But a war between Germany and Russia changed the whole situation. Whichever side was victorious it could be foreseen they would alter the settlement of 1815 and, using the Polish claims, make them a pretext for taking away territory from their defeated antagonist. In fact, however, the war ended in a manner more favourable to Poland than anyone had dared to dream ; though the Allies won, Russia was not one of the victors ; the three partitioning Powers were all of them overthrown. Every obstacle to the restoration of Poland was removed, and this was recognised both in the previous official war aims of the Allies and specifically embodied in the terms agreed on before the armistice.

As so often happens, however, in practical matters, it soon became apparent that the agreement on a formula, the restoration of Poland, was only the beginning of difficulty ; it solved nothing, it had to be interpreted, and the interpretation showed that there were fundamental differences in the point of view of the Allies, differences which still continue. What were to be the frontiers of the new State ? Few in this country had considered the matter, but it was not long before the problem took definite form.

Let us first take the Polish view. In this country it may be said that generally speaking Poland was grouped among the smaller and less important States which should not aspire to a leading part in European affairs. This was not the view of the Poles themselves. They remembered the days when Poland, at any rate in territory and population, was one of the larger Powers of Eastern Europe. The restored Poland which they had in their mind was one approximately identical with the old Poland. It is commonly said that Poland suffers from having no natural frontiers. No Pole would accept this opinion. To a Pole the natural frontiers of the country are on the south the Carpathians, on the north the Baltic, on the west the

## Problems of Europe

Oder ; on the east indeed it is not possible to find a similar natural line, though in one part this is afforded by the Marshes of the Pripect. Now this Poland would be a Great Power. In population it would be nearly equal to that of France, in area superior to that of Germany. It would be a country a large portion of which is of very considerable agricultural fertility, and which includes in the southern provinces great mineral resources. The coal and iron fields on either side of the Silesian frontier, the salt mines and potash deposits of Galicia, and the oil beds would provide that industrial element without which in modern times no great State can maintain its position in the world. We are inclined to look on Poland merely as a barrier between Russia and Germany. The Poles would look upon themselves as a great nation which, by its history and position, is destined to form the nucleus from which Western civilisation may permeate the realms of what has been called *Halb-Asien*.

This view of the future of Poland was one which was held by practically all Poles, though perhaps most strongly by the representatives of the National Democratic Party. It was this view which was put forward at the beginning of the Peace Conference by the Polish representatives when they laid their claims before the Peace Conference and the Polish Committee. It was in virtue of this that they demanded on the west the whole and more than the whole of the ancient Kingdom of Poland, that they aspired even to the union in some form or another of Eastern Prussia with a restored Poland, that they demanded as their right the mining district of Upper Silesia, East Galicia, Lithuania, and wide territories in White Russia and the Ukraine. In these demands they had the cordial support and co-operation of the French ; in many of them they could depend on the co-operation of the representatives of America, but again and again they found that claims which seemed to them self-evident were opposed by the British representatives, and this opposition was often successful. It is not un-

## Poland

natural, therefore, that there quickly grew up a belief that Great Britain, or at any rate the representatives of that country at the Peace Conference, were animated by feelings of hostility to Poland, and for the past two years this has been the commonplace of French and Polish newspaper criticism. Nothing has done so much to prevent the maintenance of cordial co-operation between France and England as disputes about Polish territory. The animus aroused in Poland is natural enough; they demanded Danzig, which seemed to them to be their right both because of their historical claims and the definite promise which had been given them that they should have secure access to the sea. It was the intervention of the Prime Minister, and that alone, which prevented the annexation of Danzig to Poland. Their claim to East Galicia seemed to them one which would admit of no discussion, but throughout the whole of the Peace Conference the British Delegation, and the British Delegation alone, refused to assign without conditions to Poland this territory on the ground that the majority of the population were alien and hostile. Upper Silesia, a land inhabited predominantly by Poles, according even to the German statistics, was actually assigned to them in the first draft of the Treaty of Peace; once more the intervention of the Prime Minister robbed them of their prey. And again, on their eastern frontiers, the relations of Lithuania and White Russia, it has always been the British who have interposed between them and the achievement of what appeared to be their legitimate hopes.

For these ambitions, these claims, the Poles throughout had the support of France. The reason for this is not a subject of dispute. French policy, though it may have used sentimental considerations as a support, was not guided by sentiment; what influenced them was on the contrary the desire to strengthen the position of France upon the Continent which involved the old idea of the balance of power. Always they were confronted by the

## Problems of Europe

spectre of a rejuvenated Germany, a Germany which, whatever happened, would be superior in area, in population, and eventually in wealth to France, a Germany which, as they believed, would inevitably try to obliterate in blood the losses and disgraces of the recent war. The whole concern of a strong party was how to guard against this danger. We know how they would do so on the West, by the prolonged occupation of the Rhine and if possible by the separation of the Rhine Province from the rest of Germany. But this was not sufficient. They required powerful States on whose help they could depend against Germany, and among these the most important was Poland; in their minds the function of Poland was to be a vassal State of France, situated on the eastern frontiers of Germany, intervening between Germany and Russia, and this Poland, in order to fulfil the functions allotted to it, must be made as strong as possible. It was a conception in which it was the strength rather than the welfare of Poland which predominated. What they apparently cared for was not so much the prosperity of Poland as the adversity of Germany. A wise and far-seeing Polish statesman might well have believed that nothing would be so profitable to his country as a good understanding with Germany. This was the last thing which this party desired. What they wished for was a Poland which would be irrevocably condemned to German animosity and which must therefore always subordinate its policy to that of France, for it would be on French support that they would depend. For this reason then it was essential that the largest possible amount of German territory should be assigned to Poland, and in particular that Poland should have the great seaport of Danzig and the mineral wealth of Silesia. Especially would the loss of Silesia cripple German commerce and manufactures. To this party, Silesia appeared merely as a storehouse for the future army of Germany; deprive her of the Saar Valley, deprive her if possible of the Ruhr, deprive her of Upper Silesia, and then in truth it appeared as if Germany would

## Poland

be permanently eliminated from the Great Powers of Europe.

Are we to be surprised that the British Government have consistently refused to countenance such a policy ? If they did, it was not from any want of regard to Poland ; not, as fantastic suggestions would make it appear, because of any personal animosity against Poland on the part of the Prime Minister. They were guided by quite other considerations. What they looked forward to was a peace which would be permanent and final, a peace which would so far as possible eliminate from the continent of Europe the struggle for territory which has been the cause of so many wars. The peace must be one the justice of which must be made apparent even to Germany itself. It was for this reason that they opposed the transference of territories in which there was not a clear Polish predominance ; it was for this reason that they refused to subject Danzig, a city in which 95 per cent. of the population were German, to Polish sovereignty ; it was for this reason that they refused to hand over Upper Silesia without an enquiry as to what the real sentiments of the population were. Always it must remain the predominant canon of our policy, not, if it could be avoided, to undertake responsibilities on the continent of Europe. We could not, indeed, altogether avoid responsibility for the new Poland which we were helping to create, but we could insist that in doing so we could not in any way associate ourselves with a territorial settlement which was so clearly contrary to general justice that it must be challenged at the first opportunity.

To suppose that there was enmity is absurd ; to argue that this country was influenced by some subtle scheme of self-interest is groundless. All that happened is explained by quite other reasons. The Prime Minister acted as any other English statesman in the same position must have acted ; he was guided by the simplest dictates of common sense. What good would it have been to Poland or to anyone else to give to this country extensive territories as to

## *Problems of Europe*

which the only thing that was quite certain was that the inhabitants themselves were bitterly opposed to the very idea of incorporation in Poland ? What prospect was there that Poland, if she secured these territories, would be able to govern them ? The task imposed upon the new Government was under any circumstances sufficiently difficult. The other new States, as for instance Czecho-Slovakia, were at least able to build up their institutions around the nucleus of an old-established local government. Kramarsch and Masaryk and the Yugo-Slav statesmen had all had parliamentary, and some of them administrative experience. Bohemia had enjoyed a very extended system of local autonomy. From all this the Poles, except the Austrian Poles, had been debarred. Under Russia no Pole could be employed in the Government of his native land. In addition to this, they had to weld together Russian, Austrian and Prussian Poland ; the inhabitants of each of these districts had during the years of their separation lived under different laws, both public and private, and acquired different customs and habits. The first task, and it is not even yet completed, was to break down the trade barriers which under the old regime had existed between them. In addition to this, there were the great complications which arose from the different monetary systems, intensified as they were by the problem of exchange. This surely was a sufficient task for a new and inexperienced Government. How foolish it would have been to have imposed upon it the additional function of ruling many millions of unwilling subjects. As it was, however the frontiers might be drawn, there would be a considerable admixture of alien population, German and Jewish. Would it help in the consolidation of the State if there were added to these, large districts the only ambition of which would always be to secede ?

It is not unnatural that Upper Silesia should bring into relief any opposition of policy. The difficulty there is not one artificially created, and no individual is responsible for

## Poland

it. It originated not from what President Wilson or Mr. Lloyd George said and did, but arises out of the local conditions. The broad and irrefutable fact stands out that in this very important mining and industrial area a very large proportion of the population are Polish in speech, Polish in origin, and it now appears, Polish in sentiment. We have before us the facts of the plebiscite ; even if we make all allowances for the energy and thoroughness of Polish propaganda, there still remains the fact that after eighteen months of discussion and consideration, in considerable districts a large majority of the population voted that they wished to be Polish, and in other districts a very large minority. This is one of the facts ; the other is that in what is called the industrial triangle the life of the different villages and towns is so closely connected that a division of the area between two States seems a physical impossibility. Any arrangement must therefore have the result that many hundreds of thousands of people are assigned to a Government different from that for which they have opted. The only result of the plebiscite has been to bring out into stronger relief than ever these difficulties. If the area is assigned to Poland, there is little doubt that there will be a very serious diminution in the efficiency with which the mines and factories are worked ; if it is assigned to Germany, it is to be apprehended that there will be a prolonged period of agitation, disorder and sabotage among the Polish labourers. Under these circumstances, whatever the decision of the Supreme Council may be, the one essential thing is that the Allies shall honestly co-operate with one another in using every effort to enforce the decision when made. Some injustice will be done to individuals and to districts. This cannot be avoided ; in these mixed districts of Eastern Europe no frontiers can be drawn which will command the assent of all parties, but just for this reason there must be no doubt nor hesitation in the enforcement of the decision when it has once been made. As we go to Press it looks as if the prospects of a



## Problems of Europe

settlement of the Silesian question are small. Yet if this, the last of the great difficulties which have kept ourselves and the French apart, could be disposed of, we might hope for better days for the Entente, on the maintenance of which so much depends.\*

### III. THE SITUATION IN GERMANY

ALL German problems are now dominated, more perhaps than ever before, by that of Germany's relations to the Allied Powers. What is the prospect of a period of stability in the country's domestic politics, of a combination of groups or parties which will keep any one Government in power for more than a few months? Is it likely that Germany will meet her reparation obligations in the next few years? Can we rely on that early and complete revival of German industry which reparation presupposes? Will disarmament be permanent, the final renunciation of the worship of Moloch, or only the outward sign of temporary weakness? A German would say that the answer to all these questions rests primarily with the Allies, and it is difficult for any reasonable observer not to assent to that opinion. The last three months have seen a steady drift towards the point at which the final determination of the Allied attitude towards Germany becomes fundamental. As long as Germany could be said to be evading or to be in default in the execution of the terms of the Treaty, it was possible to allege some kind of justification for almost any policy. Not that one policy was as good as another: some were wise and others were not, and the latter were freely criticised, in *THE ROUND TABLE* as elsewhere. But even the unwise policies were intelligible and in a sense not unnatural. Change the premisses, however; grant that Germany comes loyally to observe the Treaty, and it is obvious at once that the

\* Since this article went to press it has been agreed that the Silesian question should be referred to the League of Nations.

## The Situation in Germany

Allies must also observe it, in the spirit and the letter, or all prospect that it will become a treaty of Peace must vanish.

Since the Government of Dr. Wirth took office early in May to accept the Allied ultimatum, Germany has admittedly met her obligations. The first of these was to carry through disarmament, and broadly this task is now complete. Even Bavaria consented to disarm the irregular defence organisations. No one pretends that there are nowhere in Germany arms or ammunition concealed : but at least it can be said that the Central and the State Governments in Germany have ceased to connive at the retention of arms by individuals or by members of volunteer corps and have taken such steps as are in the power of a Government to compel surrender. More than this it would be unreasonable to expect. A policy which encourages the German people to live in peace with one another and with their neighbours is the surest guarantee that arms still withheld from the authorities will be left unused in the dark places where they are hidden.

The second obligation, the payment of reparations, cannot be discharged in a day. Whether it is economically possible for the obligation ever to be discharged in full must remain in doubt for many years : that the Allies recognised in the terms of their ultimatum. But the payments immediately due have been made, and the German Government has arranged to meet the liabilities which will accrue at the end of August in respect of the first 50 million pounds sterling. The Government has, moreover, set to work with energy and courage on the recasting of its system of taxation. It is faced here with problems of extraordinary intricacy, and the factors which will determine the yield both of the old and the new taxes are still often incalculable. What is important for the moment is that a serious endeavour is being made to balance revenue and expenditure and that in this task the Government has had the support and assistance of the leading financial and business concerns. Some progress, too, can

## Problems of Europe

be recorded in regard to reparation payments in kind. Herr Rathenau, the new Minister for Reconstruction, met M. Loucheur, the French Minister for the Devastated Areas, and discussed the practicability of German assistance in the actual work of restoration, and the negotiations then begun have been continued at numerous meetings between French and German specialists. In a recent report on the subject to the German Economic Council, Herr Rathenau expressed confidence that workable arrangements could be arrived at, though he did not conceal the difficulties still to be overcome. It is proposed to set up a joint commission to fix the prices of materials supplied by Germany and another joint organisation to distribute them on delivery. The two worst obstacles to an early agreement are the difficulty in the first place of finding materials which French manufacturers cannot at least claim to be able to supply, and secondly of devising any voluntary system of allocating orders amongst German suppliers. But the prospect of being able to meet a substantial part of its reparation payments, not only to France but to the other Allied powers, by deliveries in kind instead of in gold is so alluring to Germany that no difficulties of organisation on the German side are likely to stand for long in the way of a workable arrangement.

There remains the undertaking to proceed with the trials of war criminals. Since the present German Government took office, a number of offenders indicted by the British, French and Belgian Governments have been brought to trial at Leipzig before a special court set up for the purpose. English lawyers who were present at the trials in which the charge rested on the evidence of British witnesses have been unanimous in their testimony to the impartiality of the court and its ability to arrive, through legal forms essentially different from our own, at what was on the evidence a fair verdict. Some of the accused have been acquitted, others convicted and sentenced; the sentences, even if we take into account the fact that

## The Situation in Germany

several of the accused were subordinates acting under the orders of a superior who had fled from justice, have not always appeared adequate to the offence according to English law and practice, though it is not clear that by ordinary German standards they would be judged lenient. In the few French and Belgian cases brought forward the result has been less satisfactory to the prosecution, because the accused were acquitted on the ground of insufficient evidence; offended by the verdict, no less than by the frankly terroristic doctrines of some of the German military witnesses and the noisy manifestations of sympathy by sightseers, the French Government has ordered its legal commission to leave Leipzig. Whether, apart from the punishment visited on brutality in a few individuals, the trials have done more harm than good is a matter of opinion. But there are at any rate two comments which should be made. The experiment was one on which the Allies insisted, and the German Government has met their demands. The other comment is that, whether the ultimate effect of the trials is bad or good, trial before the only other practicable court, one constituted by the Allies, would be infinitely worse. The world may learn passion and prejudice, but never the meaning of justice, from the spectacle of the prosecutor as judge in his own cause.

We have glanced briefly at the progress made in the last three months by Dr. Wirth's Government in three matters which the Allies themselves selected as tests of German good faith. It would be a grave error to conclude from this summary presentation that what has been done is an easy triumph of a Cabinet of supermen or that Germany has now finally entered on a broad road leading to stable democratic government and industrial prosperity. Germany is still full of extremists, fanatics both of the Right and of the Left. The conservative wing lives in the glories of the former monarchy, believes only in the sword, and would defy the Allies, because submission means sacrifice of wealth and of privileges, and privation.

## Problems of Europe

At the other pole the Communists lament an abortive revolution, and see in the slow and painful task of reconstruction only a new weapon to bind tighter the fetters of the proletariat. Between these extremes the Government is sustained by the co-operation of all moderate men. That co-operation is no mere union of heterogeneous parliamentary groups : it rests on the determination of a majority of the German people to win back prosperity and influence in the only way still open to them, by work and sacrifice. The sentiment is an odd mixture of idealism and of the sense of reality, but it is difficult to travel in Germany and to observe the lives of ordinary men and women without being conscious of its existence. Unless this spirit is fostered by the Allies, so far as that is in their power, it may wane, and there is nothing to take its place except militarism from the Right or revolution from the Left. There is much more at stake than the survival of Dr. Wirth and his Government ; like all politicians, they are creatures of a day, and may be destroyed by the breath of some petty domestic controversy. The real hazard is the future of the German nation and with it of Europe.

With all the encouragement that can be given them from outside the new moderates in Germany will have immense difficulties to contend with in the next decade. The remarkable achievement in the last two years of the management of German industry in recasting its organisation to meet the new conditions created by the war and the Peace Treaty may blind the observer to the rocks ahead. Deprived of their merchant fleet, the great shipping companies laid down vessels to replace it, and by buying a liner here and chartering a tramp there improvised temporary services on the familiar routes. The iron and steel industry found 70 per cent. of its former supply of iron ore alienated ; new sources were acquired and the industry given another orientation, concentrating for its export trade on highly finished steel products rather than on pig iron. In the new era economy of fuel and general

## The Situation in Germany

efficiency of production were essential : so the diminished yield of coal has been supplemented by the development of the lignite fields, and the generation and distribution of electrical power is being extended and perfected. All this and much more has been accomplished, yet it is only a beginning. The one great problem of public finance still overshadows German economic life. Can the revenue required to balance the budget be raised from taxation without crippling industry ? No one yet knows. Is there a means of stabilising the mark ? Without stable values trade becomes a speculation. A manufacturer cannot know when he takes a contract what his imported raw material will cost him, or what he will actually receive when his products are delivered. At present reparation payments abroad are depreciating the mark, and it is the general belief in Germany that this tendency will continue. If so, there must be a steady rise in the cost of living and more persistent demands for higher wages to meet it. The vicious circle from which we have for the time being escaped will then close on German industry. But even if the depreciation in the mark is arrested, it seems unlikely that the workers of Germany will be able to maintain efficient production on the standard of living allowed by their present wages. The gradual equalisation of the internal and external values of the mark, at present widely disparate, may be a necessary step if the efficiency of industry is not to be impaired. Every economic problem takes on a different appearance when viewed from different national angles. We in England live in dread of the unequal competition which the low exchange value of the mark makes possible ; yet in Germany to-day perhaps the most controversial question in economics is how *Valuta-dumping*, or this very form of competition, which ends in the German manufacturer receiving less for his goods than the world price, can be stopped. Behind the other anxieties of German industry there is this, that the accumulated post-war demand of the home market shows signs of exhaus-

## Problems of Europe

tion, the signs with which we began to be familiar in England a year ago. Can that process be stayed, or is Germany faced with a period of depression in trade such as we have suffered from? With Communism and anarchy in the air, there would be peculiar dangers in any great growth of unemployment.

Here, then, are some of the problems of German political and economic life. If we assume, as all responsible opinion in England assumes, that the rehabilitation of Germany is in the interests of the whole world, they concern a far wider circle than that which has hitherto been preoccupied with them. Many of these problems must be solved, if at all, by the unaided efforts of the German people. The responsibility of the Allies lies in this, that it depends largely on their general policy and on their settlement of particular questions with what degree of energy and determination those efforts are made. Upper Silesia is dealt with elsewhere in this issue, and it is unnecessary to refer to it here at any length. Its fate is important for two reasons. As the second industrial area of Germany, its retention would facilitate and its loss immensely handicap the re-creation of German industrial prosperity, and therefore the fulfilment by Germany of her undertakings in respect of reparations. Moreover the transfer of a very valuable industrial unit from the State which has built it up to another which has neither the knowledge nor the experience to develop it properly would in the present impoverished condition of the world be a retrograde step. But apart from this there is a German sentiment woven round Upper Silesia as strong as or possibly stronger than that of the Poles, and it is such sentiments which, as Dr. Wirth said recently, create Alsace-Lorraines.

Upper Silesia is not the only open wound. The sanctions enforced in March—the occupation of the edge of the Ruhr area on the right bank of the Rhine and the customs frontier between occupied and unoccupied Germany—still stand. In the last number of *THE ROUND TABLE* the

## The Situation in Germany

legitimacy of those measures even as penalties to secure compliance with certain demands was questioned. Whatever their validity for that purpose, there can be no justification for their retention after the demands have been met. The occupation of the towns is economically a nuisance and the customs frontier is as irrational and as much a bar to trade as a similar line would be drawn through the middle of the West Riding. The world is crying out for the removal of every possible restriction on the free and unrestricted development of its natural and industrial resources. But the continuance of these sanctions is a political even more than an economic blunder. For it suggests to every German mind that the Treaty is a dead letter and that acceptance and loyal observance of it by Germany is of no more avail than open defiance. Both Upper Silesia and the sanctions are only illustrations of a larger question, the general attitude of the Allies towards Germany. The divergent standpoints of Great Britain and France are as notorious as they seem to be irreconcilable. It is possible to carry out the Treaty, which implies the maintenance of a united Germany and the revival of its industrial life, or to pursue that other policy to which French opinion appears more and more to have inclined. But the two cannot be combined. The survival of a moderate majority in Germany, willing to work and reconstruct and make reparation, to live in peace with its neighbours and with the world, is contingent on the firm adherence of the Allies to the principles of the Treaty. The other policy might temporarily attain its aims, but it would be at the cost of driving the German nation into one of the two extreme camps, either to prepare a war of revenge or to recast society. The result in either event could only be the ruin of European civilisation.



## INDIA

*The last two contributions from India have dealt with particular aspects of the political situation. In the following pages an attempt will be made to summarise for the benefit of readers in other parts of the Empire the Indian situation as a whole, as it has developed during the first half of the year 1921.*

### I. DEVELOPMENT OF THE NON-CO-OPERATION MOVEMENT

**D**URING the whole of this period the dominant factor has been the non-co-operation movement. It will be remembered that during the last three months of the year 1920 Mr. Gandhi announced his intention of heading an All-India movement independent of caste and creed, with the threefold object of securing the redress of the Punjab wrong, of satisfying Muslim feeling, which had been wounded by the Treaty of Sèvres, and of obtaining Swaraj or self-government within a year. These things were to be achieved by a process of non-violent non-co-operation, which was to include the withdrawal of Mr. Gandhi's supporters from every phase of public activity. It was to commence with the resignation of titles, decorations and public offices ; it was to proceed through the boycott of the reformed Councils, the suspension of practice by lawyers, and the withdrawal of boys from Government schools, and was to culminate in the severance of all connection between the people of India and the administrative machinery of

## The Non-Co-operation Movement

Government. As will have been clear to your readers from the article which appeared in the March number, the non-co-operation movement received a severe setback from its failure to hamper the operation of the new legislatures. The elections were duly held, and with the exception of the fact that certain prominent Nationalist leaders did not figure as candidates, both the central and the local councils remained unaffected by non-co-operation. At first the strength of this movement lay in the educated classes, but by the end of the first three months of the year 1921 it became apparent that so far as these classes were concerned it was doomed to failure. Accordingly Mr. Gandhi now directed his appeal to the masses of the population. He redoubled his propaganda, and toured extensively from one end of India to the other. And just in proportion as his hold upon the *intelligentsia* waned, so did his influence over the masses, who understand little of his movement save that it is directed by a "Mahatma," proportionately increase. Stories of his miraculous powers have been readily believed and widely disseminated ; while thousands have been taught to look forward to the coming of his kingdom, when the economic stress under which they now labour will give way to peace, plenty and prosperity. Broadly speaking, we may say that during the first half of the year 1921 there has been an ominous and a growing disrespect for constituted authority on the part of the Indian masses. This has manifested itself from time to time in ugly riots, such as those occurring at Malegaon, Dhanbad and at Aligarh. In each case the trouble has arisen through popular excitement at the prosecution of persons who, in their zeal for the non-co-operation movement, have infringed the law. In each case, also, the police have borne the brunt of mob fury, and the disturbance has quickly subsided with the appearance on the scene of regular troops.

If we attempt to penetrate below the surface of events and to discover the innermost strength of the non-co-operation movement, we shall be forced to admit that its

## India

hold upon the people of India arises very largely from the vagueness of its appeal. It holds up a national ideal sufficiently nebulous to leave much to the imagination, sufficiently Utopian to arouse enthusiasm. Both Mr. Gandhi and his lieutenants have been wise enough to refrain from defining precisely what their ends may be. The two grievances which form the main planks in their platform, the Khilafat and the Punjab, are, since the proposed treaty revision and the March debate in the Assembly, little more than convenient pegs upon which the garment of rhetoric may be hung. The demand for Swaraj, which may mean anything or nothing, is sufficiently vague to attract every Indian with political aspirations, as well as to excite in the masses anticipations of a golden age when prices shall have fallen and taxation shall cease. The non-co-operation movement in fact provides a rallying-point for all those who for one reason or another possess grievances against the Administration. And herein lies its danger. It cannot be met by the carrying out of definite reforms. It is dangerous because it is intangible.

## II. POLICY OF GOVERNMENT

THE policy which Government has throughout adopted was clearly explained to the Legislative Assembly in March by Sir William Vincent. On the negative side, it consists in prosecuting, where such a course is unavoidable, those guilty of disorder or incitement to disorder ; but on the positive side, in the deliberate determination to redress grievances and to meet demands. Thanks to the steady pursuit of this twofold policy under the wise guidance of Lord Reading, there has been little serious disorder, while at the same time, in the opinion of many competent judges, the credit of the non-co-operation movement is declining and the unity of its promoters is giving way. The valuable national work performed by the new Councils, both central

## Non-Co-operation in the Punjab

and provincial, and the reality of the large powers they exercise, has provided a crushing answer to the non-co-operators. The appointment of Committees with effective Indian majorities to examine the Press Acts, the so-called Repressive Legislation, and the fiscal question, is tangible evidence of the "new spirit" now abroad. The active steps taken to constitute an Indian Territorial Force; the examination, by a committee largely Indian, of the future military requirements of India, represent additional justification for the policy of co-operation for which the Moderate Party have stood so stoutly.

### III. MANIFESTATIONS OF NON-CO-OPERATION IN THE PUNJAB

**I**N view of what has been said as to the intangible nature of the non-co-operation movement, it necessarily follows that this movement has taken different forms in different parts of India. One of the most ominous of these forms was manifested in the Punjab during the first four months of 1921. In that province disputes have for some time been materialising between two sections of the Sikhs. The "new" or reforming party of the Sikhs has been dissatisfied with the management of the heavily endowed *gurdwaras* or shrines, and has demanded their seizure from the present custodians and the administration of their revenues for the use of the community at large. The "new Sikhs" encountered considerable opposition on the part of the "old Sikhs," who maintained that, while there are certain obvious abuses which should be corrected in the management of some of the shrines, the accusations of the new party are grossly exaggerated, and are inspired by political ends. Operating in this atmosphere, the non-co-operation movement proved a potent source of popular excitement. The "new Sikhs" announced at various times that they would not adopt prescribed legal processes for

## India

securing investigation into the maladministration of the shrines, but would take the law into their own hands. The custodians of certain shrines having been ejected by "peaceful pressure," their colleagues became alarmed and prepared to defend themselves. Several outbreaks of violence took place in consequence, of which the most serious occurred at the great shrine of Nankana Sahib, whose abbot practically annihilated the band of "new Sikhs" who designed to eject him. Government intervention thereupon became necessary. The expressed determination of the State to enable the "new Sikhs" to free the shrines from the worst abuses helped to satisfy such genuine religious feeling as lay at the bottom of the dispute. In addition to this, the traditional solidarity of the Sikhs against outsiders produced resentment at the attempts of the non-co-operators to exploit Sikh party grievances for their own ends. As a result an anxious situation gradually passed away, and the hopes of the non-co-operators were disappointed.

### IV. HINDU-MUSLIM UNITY

**I**N other parts of Northern India the non-co-operation movement has principally taken the form of a somewhat aggressive assertion of Hindu-Muslim unity. In the United Provinces and in Bihar, where the Muslims, although in a minority, are strong and aggressive, the Khilafat side of the non-co-operation movement has come most to the fore. Indeed, it has been somewhat over-emphasised; with the natural result that a Hindu reaction against Mussalman sentiment has lately become manifest. This has largely resulted from the outspokenness of certain representatives of the Pan-Islamic Party. For example, Mr. Mohammad Ali, in the course of a speech at Madras, announced that if the Amir of Afghanistan were to invade India for the liberation of the country from infidels it

## Hindu-Muslim Unity

would be the duty of all Muslims to help him. Now point was lent to this remark by the fact that, to the disquiet of many persons, a treaty with the Amir of Afghanistan has not yet resulted from the presence of the British Mission in Kabul. Thanks to the greater frankness with which Government now informs the people in general of the facts of the Central Asian situation, there exists in Northern India a very fair appreciation of the troubles which may conceivably arise from the persistence of unsettled conditions on the North-West Frontier. Mr. Mohammad Ali's declaration was therefore received with a storm of criticism by the whole Moderate press, as well as by an important section of the non-co-operating papers which were Hindu in sentiment, as a result of which the traditional divisions between the Hindu and Muslim communities have begun once more to make themselves apparent. These divisions are well marked in Northern India, which has still a lively folk-memory both of invasions from the North-West and of Muslim domination. The growing feeling between the two communities has gained strength by a recrudescence of the ever-recurrent question of cow killing. It is asserted on the Hindu side that in virtue of the understanding which now exists between the two communities, the Muslims ought to refrain from the sacrifice of cows. The Muslims, on the other hand, resent the suggestion that they should be called upon to surrender a custom which they believe to be connected intimately with religion. Accordingly the Hindu and the Muslim vernacular press have been engaged in controversies which not even the best efforts of those who desire to maintain an unbroken front *vis-à-vis* Government have been able to conceal.

There is, however, a graver menace to Hindu-Muslim unity than the foregoing. It consists in the fact that the Hindu section of the non-co-operators are inherently far more averse from the thought of violence than are their Muslim colleagues.

The excitement inseparable from the vigorous campaign

## India

of propaganda has been responsible for the somewhat imperfect observance of the direction to preach non-violence, which has been repeatedly claimed by Mr. Gandhi as the essence of his movement. Principally on the part of those to whom the non-co-operation movement makes its appeal from the Khilafat side, speeches have been delivered which, even if unexceptionable in the eyes of the law, are in fact but thinly disguised assertions of the duty of religious war. In view of the conciliatory policy of Government it was plainly desirable that any such development should be checked without recourse to repression. Lord Reading has not been slow to gauge the political temper of the time, and his action was both wise and dexterous. In May, as a result of the good offices of Pandit Madan Mohan Malaviya, a series of interviews was arranged between the Viceroy and Mr. Gandhi. What passed in the course of these interviews has not so far been made public ; but a few days after Mr. Gandhi had left Simla the Ali Brothers published an apology in the following terms :—

Friends have drawn our attention to certain speeches of ours which, in their opinion, have a tendency to incite to violence. We desire to state that we never intended to incite to violence, and we never imagined that any passages in our speeches were capable of bearing the interpretation put upon them. But we recognise the force of our friends' argument and interpretation. We therefore sincerely feel sorry and express our regret for the unnecessary heat of some of the passages in these speeches, and we give our public assurance and promise to all who may require it that so long as we are associated with the movement of non-co-operation we shall not, directly or indirectly, advocate violence at present, or in the future, nor create an atmosphere of preparedness for violence. Indeed, we hold it contrary to the spirit of non-violent non-co-operation, to which we have pledged our word.

The effect of this, which was very considerable, was emphasised a few days later by Lord Reading in a speech delivered at the Chelmsford Club :—

I informed Mr. Malaviya that if Mr. Gandhi applied to me for an interview I would readily grant it, and I should be glad to hear

## Hindu-Muslim Unity

his views. The consequence was that in due course Mr. Gandhi did apply, and there was not only one interview, but several interviews between us. There was no finesse or manoeuvre about it. It seemed to be a plain and straightforward arrangement for an interview.

Here again I think I am not quite free to tell you all that you might desire to know. Yet I will say that I am quite certain that the result of these interviews produced at least this satisfactory result, that I got to know Mr. Gandhi and he got to know me.

This may be somewhat vague and indefinite, yet it is not entirely so. As you may be aware, the result of these visits and discussions was that Mr. Mohammad Ali and Mr. Shaukat Ali have issued a public pronouncement, which doubtless you have seen to-day, expressing their sincere regret for certain speeches that they had made inciting to violence, and have given a solemn public undertaking that they will not repeat these speeches or similar speeches so long as they remain associated with Mr. Gandhi. I do not want to discuss this matter at any length. I merely refer to it as showing that the interviews were not entirely fruitless, because so far as Government is concerned we achieved our immediate object, which was to prevent incitement to violence. I have had occasion once before to say that it almost always reacts with fatal effect upon those who are most innocent.

As a Government we have a duty to perform. We have to protect those who may be thus led away, and we therefore had determined to take steps in order to vindicate the law, to maintain its authority, and to prevent the recurrence of any further violence. Fortunately it has not been necessary to have recourse to the ordinary law of the land, for the reason that we have now got the undertaking to which I have referred. I certainly shall assume that it is intended to keep that undertaking and that the expressions of regret are as sincere as those expressions seem to denote; and so long as that undertaking is observed we need not fear that such speeches will recur; and, provided the undertaking is observed, they, too, may be sure that there will be no prosecution for them.

The effect of the apology, combined with this explanation of the circumstances leading up to it, has been to strike a severe blow at the reputation of the Ali Brothers. They have attempted to deny that the apology was offered to Government, and they have even succeeded in obtaining the half-hearted support of Mr. Gandhi to their position. But the fact remains that their credit with the more fanatical members of their own community has been severely



## India

shaken, and the non-co-operation movement on the Khilafat side has suffered a diplomatic defeat. The policy of suspending a prosecution after obtaining a public apology has been employed in numerous other cases, also with good effect.

All these factors are contributing to the real, if subterranean, divergences which are making their appearance between the Hindus and the Muslim sections of the non-co-operators. The alarm which, as we saw, has been excited among orthodox Hindus by the course of affairs in Central Asia has been aggravated by the realisation that they have been compelled to take the Khilafat side of the non-co-operation movement very largely upon trust. Particularly in Maharashtra, whose Brahmin *intelligentsia* has for long supplied the fighting strength of Indian Nationalism, the Khilafat aspect of the movement has lately fallen under suspicion. The solid nucleus of Indian Nationalist feeling which is the strength of the non-co-operation is at a loss to understand the interest which India as a whole has for the Kemalist party in Angora. Added to which, the keener intelligence of the Hindu Nationalist leaders is under no delusions as to the upshot of any appeal to force. This being the case, they have from the first thrown the weight of their influence against the more extreme manifestations of Khilafat sentiment, and have consistently flung cold water upon the Pan-Islamic spirit which inspires such declarations as those of Mr. Mohammad Ali, to which reference has been made previously. As a result of this growing divergence it has taxed all the personal ascendancy of Mr. Gandhi to maintain even the outward appearance of unity in the ranks of the non-co-operators. Added to which, as his movement has proceeded, certain of its manifestations have struck hard blows at the interest of particular sections of his followers. Among the most interesting of these manifestations may be counted the recent disturbances connected with labour in Assam tea gardens.

# Weakening of Solidarity

## V. WEAKENING OF SOLIDARITY

THE conditions under which the coolies of the Assam gardens work is still to a large extent a matter of controversy pending enquiry. That they have some economic grievances is frequently asserted ; but it should be remembered on the one hand, that they would not migrate to Assam unless working conditions were better than in their birthplace ; and on the other, that their simplicity and ignorance make them ready targets for appeals to fanaticism and religious sentiment. Some of the less responsible of Mr. Gandhi's emissaries have lately been occupied in a campaign among the labourers, who readily believe that Mr. Gandhi is an Incarnation of the Divine. The smouldering discontent which took its origin in hard times burst into flame. As a result in the month of June there was a wholesale migration of some thousands of labourers from the Assam gardens. This movement is in many ways comparable to the exodus of simple-minded Mohammadans which took place last year from the North-West Frontier Province into Afghanistan. Leaving all their little property, these coolies, with their wives and families, moved away with the object of regaining their native villages, where, so it was promised them, Mahatma Gandhi would make all arrangements for their comfort and prosperity. The local authorities were taken largely by surprise, and there was some delay before it was decided to repatriate these destitute and resourceless folk. Meanwhile an unfortunate incident had occurred at Chandpur, where the station had been cleared of coolies at night by military police. At once various allegations of atrocities and of ill-treatment began to make their appearance in the extremist press, and a deliberate attempt was made to rouse public excitement by representing the Chandpur incident as a second Jallianwala Bagh. In passing, it may

## India

be noticed that this attempt is an interesting proof that the Punjab tragedy, despite desperate efforts to keep it alive, has ceased to be a living issue. It was settled by the debate in the Assembly, described in the last number of **THE ROUND TABLE**. That there was little foundation for this new excitement may be gauged from the fact that the Bengal Council, with its large non-official majority, declined to order an investigation into the circumstances. The coolies by degrees were sent back to their villages, partly as a result of official assistance, and partly as a result of the intervention of certain Moderate leaders in Bengal. But no sooner did they arrive at their native place than they found themselves out of touch with their fellow-villagers; in many cases, indeed, they were out-casted. The failure of the movement not merely led to recriminations between various non-co-operating leaders, but also helped to excite the alarm of the capitalist element among the non-co-operators, which does not approve of political intervention in labour matters. In addition, the labour troubles in the coalfields of Bihar and Bengal and in the mills of Madras and Bombay, which are popularly ascribed to the effect of non-co-operation preachings, have considerably strengthened the hands of the Moderate Party. Indeed, the stout resistance which the Moderate press as well as the Moderate leaders have offered to the progress of the non-co-operation movement has been among the most notable developments of the last six months.

It is impossible to recount a history of the non-co-operation movement without experiencing a feeling of admiration for the adroitness with which Mr. Gandhi has conducted his campaign. From the casual point of view this eminent leader resembles a clever juggler who is occupied in keeping a number of brightly coloured balls in the air at the same moment. Whenever the attention of his audience seems about to waver, he deftly introduces a new ball of even more fascinating appearance. At the same time, thanks to his agility, he is able quietly to dispense with those balls

## Weakening of Solidarity

which for one reason or another have lost their attraction. For example, the resignation of titles and decorations, the abandonment of their practice by lawyers, and the boycott of schools and colleges, have all been suffered quietly to fall to the ground, while Mr. Gandhi has concentrated the attention of his audience upon his dexterous management of the boycott of liquor shops, the boycott of imported cloth, and the collection of a crore (Rs. 10,000,000 = £666,000) of rupees for his national fund. This last achievement was a real triumph. Contrary to the expectation of most people, Mr. Gandhi was able to announce at the end of the prescribed period that he had collected money in excess of the crore he needed. How much of this in cash and how much in promises may well be doubted; but when all allowances are made for the difficulties of converting promises into cash, the collection remains a notable political success. In passing, a tribute may be paid to Mr. Gandhi's cleverness in naming his collection the "Tilak Swaraj Fund." The association of the name of the lately deceased Mahratta politician has sufficed to secure the tacit acquiescence of Maharashtra. The fact, vouched for by Mr. Tilak's most eminent disciple, that on his deathbed the Mahratta leader condemned the non-co-operation movement as foolish and unstatesmanlike has been conveniently ignored.

At the present moment Mr. Gandhi is still concentrating his efforts upon the boycott of foreign cloth. Here he has run across certain vested interests. The mill-owners of India are doubtful as to the expediency of the movement from their point of view, because Mr. Gandhi is insistent that India's cloth must be hand woven. The piece-goods merchants, whose warehouses are stocked with millions of pounds' worth of the goods India needs to supplement her own scanty cloth production, are in despair. Whether Mr. Gandhi will succeed to any extent in this, his most spectacular enterprise, may well be doubted. At the present moment India is compelled to import more than one-third

## India

of her vast requirements in the way of cloth ; and it would seem that the only effect of Mr. Gandhi's boycott campaign would be to increase the profits of middlemen and to raise the price of cloth to the poorer classes.

With all the breathless activity of the non-co-operating party, the fact remains that the progress which has been achieved is rather apparent than real. The date at which Mr. Gandhi expects to realise his ideal of Swaraj is continually being postponed. Accordingly the more impatient spirits are beginning to doubt the expediency of non-violence and are even coquetting with the idea of proclaiming an Indian republic. This has been largely due to the strained relations which have lately arisen between His Majesty's Government and the Turkish Nationalist Government at Angora, as well as to the dragging on of negotiations with Afghanistan. The Khilafat party of India, and more particularly its Pan-Islamic section, has been roused to fury by the mere suspicion that hostilities may materialise between England and an Islamic power. It is devoutly to be hoped that such will not be the case. The fanaticism of the Mohammadan community of India is not difficult to arouse, and when once aroused it is capable of producing serious disorder up and down the country. Already there have been appeals to Mohammadan soldiers in the Army inviting them to refrain from fighting against the Turkish Nationalists should hostilities develop. At the moment of writing, much depends upon what takes place in the Congress meeting which is advertised for July 28. Its venue has been changed from Lucknow to Bombay, probably because Mr. Gandhi, in the heat of his cloth boycott campaign, is unwilling to leave the principal battle-ground while the issue remains doubtful.

But while the situation in India still remains somewhat anxious, the passage of time and the wisdom of Lord Reading already begin to exert their healing influence. The monsoon, after some disappointments, promises to

## Weakening of Solidarity

turn out a satisfactory one ; and if this should happen the present political tension among the masses will inevitably subside. The cordial reception which has greeted the announcement of the Prince of Wales' visit shows that the tide is not far from the turn. Mr. Gandhi has, it is true, decreed a boycott ; but his fiat has been ill received, and at the moment of writing the probability is that it will be ill observed.

India. July, 1921.

## UNITED KINGDOM

### I. CURRENT POLITICS

#### *Finance and the Business Committee*

A PART from Ireland and industrial trouble, which are both dealt with elsewhere in this number, the chief interest of our domestic politics in the last three months has been in finance, the Ypres salient of the Ministerial position. The Budget, once more introduced by Mr. Chamberlain (the new Chancellor of the Exchequer being occupied with the coal dispute), was commonplace enough in everything but its gross totals, and except at one point gave no trouble in its passage. The exception was the Government's proposal to apply in a modified form the corporation tax to co-operative societies, and there was some excitement in the newspapers when the Government, defeated on this proposal, went on as though nothing had happened. Nothing particular indeed had happened, for the revenue from this particular tax would have been trifling, and the acceptance of the decision of the House may be a useful precedent making for greater freedom of Parliamentary action in the future. There can be no real Parliamentary control of new taxation if every hostile vote on a point of detail however unimportant is to be followed inevitably by resignation. But the real trouble in finance lies in the magnitude of our estimates not in the choice—usually Hobson's—of the means of meeting them. It is one of the defects of Parliamentary procedure that the discussion on the Finance Bill in which no changes of

## Current Politics

importance can be made should be elaborate to tautology and the discussion of the Estimates which govern finance so casual and as a rule so summary.

Many people have looked to the development of a House of Commons Estimates Committee as the cure for this evil, and last year Mr. Chamberlain promised something of the sort. A Committee has in fact been set up, but you cannot cut very far into Estimates without reaching questions of policy, and the exclusion of these from the Committee's competence has greatly diminished the hopes that were formed of it. On the other hand at the beginning of August an extra-Parliamentary Committee of business men was announced under the chairmanship of Sir Eric Geddes to advise the Chancellor of the Exchequer with regard to reduction of expenditure. Questions of policy are not excluded from its survey and Parliament has already shown a good deal of jealousy towards it. The genesis of this "Business Committee" is somewhat curious. It was recognised at the end of last year that the reduction of departmental estimates was beyond the power of a single Minister, however strong, and a Cabinet Committee on which the present Chancellor served was set up to do the work. It had apparently only limited success, and on May 13 the Treasury issued a circular to the Departments pointing out that the recovery of our trade and commerce depended on a reduction of taxation, that, as things were, the prospect was that taxation would have to be increased, and that to avoid an increase that would be vehemently opposed in the Commons and in the country, expenditure on the supply services would have to be reduced to £490 million, a reduction of 20 per cent. on this year's £603 million. The circular recognised that so great a reduction could not be made without changes in policy, and went on as follows :—

His Majesty's Government desire that in making proposals for reductions the Departments shall not consider themselves prevented from proposing the reduction or cessation of a service because its



## United Kingdom

performance has hitherto been a part of the policy of the Government, or because the service is necessitated by statute. It is recognised that a reduction of expenditure on the requisite scale may only be obtained by the sacrifice of services in themselves desirable, and His Majesty's Government will review any questions of policy that may be raised by suggested reductions, and, if they approve, will obtain any Parliamentary sanction that may be required to carry them out.

Most of the Departments have by now sent in replies to this circular and they are apparently of a character that made the Chancellor of the Exchequer despair of doing them justice. The new Business Committee is formed to examine them and to make recommendations to the Government. It may well be that the work entrusted to this Committee ought rather to have been entrusted to a Committee of the Commons, but the argument that its appointment is an infringement of the rights of the Commons is difficult to follow. It is in accordance with precedent to appoint an outside Committee of experts to advise the Government (though of course not to dictate its policy), and of the two alternatives, namely, an outside Committee and a Commons Committee, that which has been rejected is probably more revolutionary in character. It does not follow that it is therefore wrong or would not be more efficient, but the contention that an outside Committee is a breach of constitutional practice is certainly difficult to sustain. The breach of practice, whether right or wrong, would consist of the admission of Parliament into a share of executive responsibility in the framing of estimates. An increasing number of people are however coming to believe that such a breach is desirable. In the meantime, until the new Business Committee has proved or disproved its capacity, it is useful to note as a fact that the suggestion for its formation, so far from being imposed on the Chancellor of the Exchequer against his will, was first made by him.

## Current Politics

### *By-elections and the Signs of Restlessness*

The Government in its obvious anxiety about the state of national finance is only reflecting the mind of the country. Two important by-elections went against the Coalition in June, and both went on finance. On the 7th St. George's Hanover Square, a seat which at the last election went to Mr. Walter Long by a majority of more than ten to one, was lost to an Anti-Waste candidate by the comfortable margin of nearly 1,900 votes ; and nine days later the Coalition candidate was very handsomely defeated in East Herts by Admiral Sueter, another Independent Anti-Waste candidate. Between these two elections the Government lost Mr. Illingworth's seat at Heywood (Lancashire) to Labour by a narrow majority, the Independent Liberal (one of the ablest solicitors in the North) polling about 40 per cent. of the votes cast for the Coalitionist. Labour can hardly be said to be Anti-Waste, but the conclusion generally drawn from the June elections is that while the middle classes and rentiers of the Home Counties are in full revolt against high taxation, in the industrial North the same cause has the effect of transferring the prestige of the Coalition to Labour. These results were noted by the Government and confirmed its diagnosis of excessive expenditure and high taxation as the chief political trouble.

In the previous month a remarkable appeal signed by twenty-six leading bankers, who disclaimed any concern with party or political considerations, had insisted that British trade needed nothing so much for its recovery as to be left alone. This appeal was directed against all expedients to control and hamper imports, whether by licences, tariffs, or any other means. "We cannot limit imports into this country without limiting our export trade, and striking a grave blow at the world-wide commerce on which this island-kingdom principally depends."

## United Kingdom

This appeal, which would undoubtedly be endorsed in Lancashire and other places dependent on the export trade, has not prevented the Government from pressing its Safeguarding of Industries Bill to a second reading and through the Committee stage. The Bill was modified in Committee, but it has undoubtedly caused great distress among Liberals of all shades in the North, not only, or even so much, because it violates Free Trade principles (on that score Sir Alfred Mond made a very notable defence of its provisions on the second reading), as because it prolongs State interference with trade. The tide of reaction against such interference is undoubtedly at its full, and is part of the general reaction against State Socialism that is already affecting the policy even of the Labour party, and against anything that strengthens the bureaucracy. The rumours falsified by the event, that the Safeguarding of Industries Bill was to have been dropped, were, it is said, set on foot by Coalition Liberals.

On the other hand, evidence of unrest in the country over taxation had a marked effect on the Government's policy. In June it announced its intention of repealing Part I of the Agriculture Act passed last year. Its ground was that the guarantee of minimum prices for wheat and oats was more than the country could afford, and with this guarantee went also the provision for a minimum wage. In addition, the Government, after increasing the unemployment benefit in March to 20 shillings for men and 16 shillings for women, was compelled in June to reduce the benefit by five shillings in the one case and four shillings in the other, the ground being that with so much unemployment in the country the funds were insufficient and the country could not afford to make good the loss. Even this was not all. The bonus recently awarded to civil servants was withdrawn in the case of the higher-paid men and reduced to correspond with the fall in the cost of living in the case of the lower grades. Still more important, the State housing scheme was cut down and

## Current Politics

the subsidies to help building withdrawn. This last economy led to a vigorous debate over the salary of Dr. Addison, the ex-Minister of Health, who had been responsible for these schemes. Dr. Addison had been superseded in the Ministry by Sir Alfred Mond and given a position as Minister without Portfolio, to which many members objected as an extravagance. Mr. Lloyd George defended Dr. Addison's work during the war and at the Ministry of Health, but did it somewhat perfunctorily and then announced that he would cease to be Minister without Portfolio at the end of the session. Dr. Addison did not wait till then but resigned on July 14 and attacked the new housing policy of the Government. His departure from the Cabinet has not apparently had any injurious effects upon its position nor is there any evidence to confirm his complaint that the real ground of objection to him was that he was a Liberal, or the prophecy very generally heard at this time amongst discontented Liberals that Mr. Fisher would be the next to go.

### *Tendency to Revive Party System*

None the less there has been a marked revival of interest in party, and a new disposition on the part of the House of Commons to assert its independence, especially in regard to finance. One example—the Government defeat on the Finance Bill—has already been noted. Another was the action of the House on June 1 in rejecting the grant of free railway tickets for its members between London, their constituencies, and their homes. It also rejected a proposal to relieve its members of the income tax on their salaries as such, though they apparently accepted the suggestion that they should, in their return, treat the amount as expenses, and so escape the tax. This last suggestion was reasonable in itself, but the handling of the matter was unfortunate. Many railway vouchers had been issued to members, as it

## United Kingdom

turned out, quite illegally. In consequence of this and other instances in which the Government had anticipated the consent of the House, 170 members (mostly Conservative) pledged themselves to oppose all expenditure incurred without the previous consent of the House. An even more notable declaration of independence was made by some 40 Unionist members of Parliament who propose at the next general election "to reserve to themselves complete independence of any of the political parties on matters concerning economy and finance in the House of Commons." Mr. Godfrey Locker Lampson and Sir Arthur Steel-Maitland were among the signatories to this declaration. The general impression conveyed by the Commons' handling of the problem of economy is that of willingness to strike, coupled with a desire not to wound the Government.

But there have, during the last three months, been other signs of restlessness in the Unionist wing of the Coalition. The remarkable speech of Lord Derby in April, when he asked whether they had taken Mr. Lloyd George into the party or he had taken them in, was followed by other instances, of which the most vigorous was a letter by Lord Salisbury which appeared in the papers in the middle of June. After condemning the Government for vacillation and failure abroad and in Ireland, Lord Salisbury went on to suggest that every Unionist association should approach its member and ask him to consider himself relieved from his obligation to support the Coalition Government. No association seems, however, to have taken his advice; and, apart from Lord Robert Cecil, the only members to change their allegiance of late are discontented Coalition Liberals, like Sir Godfrey Collins and Sir William Barton, and one or two Unionists who differ from the Irish policy of the Government. The great weakness of discontented Conservatives is that they have none of them apparently—and least of all the Anti-Wasters—any constructive policy to unite them. On the other hand, Unionist discontent lent some piquancy to the movement

## Current Politics

for reunion amongst Coalition and Independent Liberals which was conducted at a series of luncheons started by Mr. John Wallace and Mr. Newbould. It soon became evident that the leader desired by part at all events of both sections was Mr. Lloyd George. The *Manchester Guardian* of June 24 made practical Free Trade and Ireland the test questions of a Liberal reunion, and expressed the view that the time was approaching when Liberals would have to make up their minds whether they would be fused with the Tory party or retain their faith. But the conversion of the Government and of Unionists, with so few exceptions, to the policy of negotiation for a settlement on broad Liberal lines with Sinn Fein is likely to have had its effect upon any disposition on the part of Coalition Liberals to withdraw their allegiance. As for the Unionists, Mr. Chamberlain's reply to Lord Salisbury's letter is significant: "It may be," he said, "that we shall find ourselves once more separated by that solid piece of furniture which protects us from any but wordy assaults in the House of Commons. But before I quarrel with the Prime Minister I must know what I am to quarrel about." Nothing is more certain than that the Irish negotiations and the prospect of the disarmament Conference at Washington have greatly strengthened the position of the Coalition. In June people were speculating on the prospects of a general election in October or at latest next February—an election apparently that was to be brought about by the sheer inability of the Coalition to keep itself together. Now the same people are asking whether Mr. Lloyd George, if he can settle Ireland, will not go to the country on that issue.

### *A Passage of Arms*

Before concluding this survey of the position of the Coalition, reference should perhaps be made to a passage of arms which would have been of little importance but for the fact that the credit of those Ministers who would

## United Kingdom

naturally represent, and who ought, if circumstances permit, to represent our people at the approaching Conference at Washington, was assailed, for in international matters harm is easily done. The King's name, moreover, became involved in a later phase.

The passage began by *The Times* immediately after the acceptance of President Harding's invitation, expressing the opinion that for the reason "of avoiding suspicion the attendance of Mr. Lloyd George or Lord Curzon at Washington seems particularly undesirable." It spoke of "the pompous and pretentious manner" and the "business incapacity" of the Foreign Secretary, and "his obsequious docility to the Prime Minister's behests." Of Mr. Lloyd George himself it stated that "it is notorious that no Government and no statesman who has had dealings with him puts the smallest confidence in him." The Government retaliated by withholding from Lord Northcliffe's newspapers the unofficial information that the Foreign Office is in the habit of giving to representatives of the Press. Lord Northcliffe himself, a couple of days after *The Times'* article appeared, started on a tour of the world on which he was accompanied as far as British Columbia by Mr. Wickham-Steed, the Editor of *The Times*. In New York, as might be expected, there were interviews, and on Monday, July 25, an account of one on the Irish question, said to have been given by Lord Northcliffe to the *New York Times* and purporting to reveal conversations between Mr. Lloyd George and the King, was published in certain editions of the *Daily Mail* on this side of the Atlantic. There was also a reference to General Smuts. It is unnecessary to set out the account of the alleged interview. The suggestion conveyed by it was that His Majesty was out of sympathy with the Irish policy of his Ministers before the present negotiations commenced, and that he went intending to make his own speech in Ireland, where he spoke as head of the British Empire and not as King of England or Ireland.

## The Coal Strike and its Results

The following Friday the statements given in the account of the interview were repudiated by the Prime Minister and General Smuts and also by King George. Lord Northcliffe thereupon cabled to Lord Stamfordham denying that he had made any such statement. It appeared that the interview, indeed, had not been with himself but with Mr. Wickham-Steed, who on his side denied the direct statements attributed to him. The meeting he described as an informal one. The matter ended in a cloud of newspaper comment on both sides of the Atlantic, in which we can safely leave it.

This is not the only occasion on which the King's name has recently been dragged into public controversy. On July 19 a question was asked in the House whether there was any foundation for the statement made in the Press that the King had intervened directly to straighten out an entanglement in the negotiations with the United States regarding the Pacific Conference. The Prime Minister replied that it was a pure invention. On July 25 again the Lord Chancellor corrected in the Press a story that had appeared in the first edition of Colonel Repington's book, which left the impression that His Majesty had intervened to prevent the arrest of the Ulster leaders in 1914. Needless to say none of these false rumours had the slightest effect upon the relations of perfect confidence which exist between His Majesty and his people.

### II. THE COAL STRIKE AND ITS RESULTS

“**E**VERY economic and political factor is dead against us.” So said the Executive Committee of the Miners' Federation of Great Britain in recommending the rank and file to accept a settlement of one of the most disastrous disputes in all the history of Trade Unionism. The stoppage of work in the mines, the origin and development of which were described in the June issue of THE



## United Kingdom

ROUND TABLE, began at midnight on March 31. It ended on July 4 at the majority of pits ; in some cases, owing to the damage caused by the flooding of the pits, work has not been resumed to this day. The cost of the dispute to the nation was immeasurable, but some indication of the direct burden which it imposed on the taxpayer is contained in the following figures given by the Chancellor of the Exchequer to the House of Commons on July 5 :—

Cost of Defence Force, Army Reserve, etc. . .	£7,000,000
Navy . . . . .	1,225,000
Air Force . . . . .	330,000
Civil Emergency Organisation . . . . .	300,000
Subsidy to the Coal Industry . . . . .	10,000,000
Increased subsidy to the railways . . . . .	10,000,000

The indirect loss to the nation through the dislocation of other industries brought about by the strike is not easy to assess ; fortunately, perhaps, from this point of view the dispute coincided with a unique and almost universal depression in trade, which of itself had caused works to close down or go on short time before the miners went out. At no stage in the dispute was the economic activity of the country wholly paralysed. Industries which had work to do were kept going, more or less completely ; railway and steamship services continued, though on a reduced scale ; the social life of the people, their recreations and their sports, were scarcely interrupted. That is the first remarkable fact in the history of the dispute. The second, not less remarkable in its way, is that, except for the flooding of the mines by the cessation of pumping operations—an evil which did not last long and the effects of which were widely exaggerated—and for certain sporadic acts of violence in the early days of the stoppage, the greatest and most prolonged dispute in the history of the mining industry was conducted in a manner so peaceful and orderly as to compel a tribute to the self-restraint of the miners even from those who detest their aims and methods. Once

## The Coal Strike and its Results

again organised Labour and the general population displayed that imperturbability which so often characterised their attitude during the acute industrial disturbances of the later years of the war and the period immediately after the armistice. When it is remembered that the dispute spelt idleness and wagelessness to millions, hardship to many more, and inconvenience to half the nation, it will be realised that there could be no evidence more conclusive of the sobriety of British Trade Unionism nor any demonstration more striking of that British habit of self-control or *sang froid* which so constantly puzzles the continental observer.

In our last issue the story of the dispute was carried up to the point at which the miners, deserted as they would say by their comrades of the Triple Alliance and of trade unions generally, were carrying on the struggle doggedly but with little hope of success. They resented bitterly the "betrayal" of their cause by the railwaymen and the transport workers on the famous "black Friday" (April 15) on which these groups cancelled their threatened sympathetic strike. "It is impossible," they declared formally, "for the Miners' Executive to accept a settlement except on the terms of the concession of the National Wages Board and Pool." That was the opinion of their Delegate Conference on April 22. Some abortive negotiations with the Government were followed by a month of inaction, during which the Government completed their plans for coping with any untoward developments of the situation, while the funds of the miners' associations and federations were steadily drained. The miners were not entirely without resources. Their children were fed by local education authorities and their wives maintained by Poor Law relief. They mortgaged their offices. They obtained credit from co-operative societies. Other unions contributed varying sums towards the relief of acute distress. In spite of this, however, it is beyond doubt that conditions of great hardship prevailed in many miners' homes.

## United Kingdom

Negotiations were reopened on May 27, when the miners and mineowners met the Prime Minister at the Board of Trade by the Prime Minister's invitation. He wished, he said, "to ascertain whether, in the time which had intervened since the last negotiations, they had acquired a real sense of what the situation was and were prepared to face the facts." The Prime Minister sometimes expresses himself rather bluntly. From the point of view of the miners, the words just quoted meant this: "Now, have you had enough of it?" And the truth is that the miners were really beginning to realise that they had "had enough." The struggle had continued so long, and the general public had remained so unmoved, that they were gradually losing heart. They did not yield at once. They rejected the new proposals made to them. But on June 4 the Prime Minister produced an ultimatum. He told the miners, virtually, that unless they came to terms with the owners and the Government soon, the subsidy of £10,000,000 which the Government had offered would not be available. The miners made a final show of defiance. By a majority of 435,614 to 180,724 they rejected the terms then offered by the owners and the Government and decided to continue the stoppage. The Government proceeded to force matters to an issue. On June 18 they informed the miners that their offer of a subsidy of £10,000,000 would expire on the following night. This was the turning point of the dispute. There were signs in some districts of a disposition on the part of the men to relinquish the struggle and return to work. The fissure widened. The solidarity of the Miners' Federation seemed to be seriously imperilled. Ostensibly the State subsidy ceased. But on June 27 the miners and mineowners found it possible to reach a settlement on the assumption that the grant from the Exchequer would be forthcoming, and, after some further haggling, the Government agreed to continue the subsidy. On the following day the Executive of the Miners' Federation issued to the rank and file a recommendation to

## The Coal Strike and its Results

accept the Government's and owners' terms. They admitted that "the National Wages Board with the national profits pool could not be secured by a continuation of the struggle," and they added the confession which heads this note: "Every economic and political factor is dead against us." In other words, they admitted defeat. A ballot of the members showed 832,864 votes for acceptance of the Government's offer and 105,862 against. On July 1 the House of Commons voted the subsidy. The same evening the agreement was signed and on Monday, July 4, work was generally resumed in the pits.

To form an estimate of the gains or losses of the respective parties under the terms of settlement is no easy task. The terms are extremely complicated and technical; so much so, that there were many people who doubted whether they were ever intended to be understood either by the public or by the miners themselves. They provided for the constitution of a National Board (consisting of representatives of the employers and the workmen) and of District Boards. They provided also for something very much akin to profit-sharing. They did not provide for a national profits pool or a national wage. On this fundamental point, the fulcrum on which the entire trouble moved, the settlement was emphatic. The miners accepted it. Though it is, perhaps, unkind to say so, the rank and file of the miners were conscious by this time that any further prolongation of the stoppage would only add unnecessarily to the burden which they themselves, as well as other people, were carrying. Their common sense prevailed. They swallowed their mortification and endorsed the action of their committee.

So ended the coal dispute, an event of the first importance in the recent history of Trade Unionism. It left the miners' associations bankrupt; it impoverished trade unions in almost all industries. It appreciably weakened Labour as an industrial force. Internal disagreement as

## United Kingdom

to policy split the workers into separate groups, and the whole progress of the trade union movement suffered a set-back of the gravest kind. As with the *Confédération Générale du Travail* in France after the collapse of the railway strike there, so in the present case the leaders of industrially organised Labour had to face reproaches, criticism, even venomous attacks, from men of their own class and mode of thought. Over and over again it had been said that the attempt to reduce the wages of the miners was only the prelude to a general effort to cut wages throughout industry. Undoubtedly the course taken by the miners' strike facilitated the arrangement of reductions in other industries. It is impossible here to enumerate all the trades in which wages have been reduced since the coal dispute began, but a few of them must be mentioned. The shipbuilding trades have accepted a reduction of 6s. a week. The engineering unions have agreed to a similar reduction and to the discussion of a further cut of about 8s. in the light of the trade position in September. The printers have accepted a substantial reduction, so have the road transport workers and the co-operative employees, the brewery workers, the brass founders, sawmillers, builders, wire workers, and a host of others. The Agricultural Wages Board has recommended a lower scale for workers on the land. In the cotton industry, after a strike of three weeks, the unions accepted reductions of over 20 per cent. on current wages. In the woollen industry wages, under a cost of living sliding scale, have fallen 30 per cent. since December. Workers in the iron and steel trades have in the last six months seen their wages reduced by from 65 per cent. to 102 per cent. in terms of their standing agreement, by which wages vary with the selling price of pig iron or of manufactured iron and steel.

There are two other classes of workers with whom agreements of the first importance have recently been made. One is the railwaymen. Their wages have steadily

## The Coal Strike and its Results

fallen under the cost of living sliding scale, which was agreed to after the strike of 1919. Apart from this the railway companies and the unions have signed an agreement for the future regulation of working conditions and wages : in effect the Whitley Council system is adopted. Thus all risk of serious trouble on the decontrol of the railways at the end of August is obviated. It is not without significance that the railwaymen were offered representation on the Boards of the companies, and refused it on the ground that they had no wish to be parties to decisions which the rank and file of the unions might resent.

The other case is that of the dockers. It will be remembered that a year ago, as the result of an inquiry by the Industrial Court over which Lord Shaw presided, a national minimum wage of 16s. a day was established for dock and riverside workers. In view of the shrinkage of trade and the growth of unemployment, this decision has been reconsidered by the parties directly concerned, and by agreement between them the 16s. minimum is being reduced to 13s. The fact is worth special notice. The Shaw inquiry attracted a great deal of public attention. Mr. Bevin, spokesman of the dockers, received the popular title of "the Dockers' K.C.," and many columns in the newspapers were devoted to his speeches. In fact, the Shaw inquiry into the "dockers' 16s." was almost as sensational as the Sankey inquiry into the miners' programme. Yet the reversal of the Shaw decision has hardly attracted any public attention.

What is the significance of all this? Here are the miners, after a prolonged and exhausting struggle, accepting terms which are virtually those of surrender; terms, at any rate, which do not include that national pooling system which almost up to the last moment the miners proclaimed to be indispensable. And here we have trade union after trade union quietly submitting to the lopping off of war-time advances in wages. Two years ago it seemed incredible that any trade union should ever consent, without a

## United Kingdom

vigorous protest and probably a strike, to any reduction in wages ; yet to-day, by consent, reductions are being made in almost every industry. The phenomenon is noteworthy. The explanation of it is not difficult. To some extent, trade union leaders and members have begun to appreciate the economic conditions of the industries in which they work and to recognise that a high labour-cost could not be maintained indefinitely without disaster in the face of external competition. All experience shows that, given clear proof of the necessity of any step, even if it appears to involve some sacrifice on their part, most British workmen are prepared to take that step with the best grace they can command. But there is another factor which makes for acquiescence in wage reductions. It is the financial weakness of the trade unions. A period of progressive trade depression, accentuated by the stoppage of the coal mines, has depleted their funds ; there is hardly a trade union in the country which is in a position to finance a strike. This is no new experience. Periods of depression and extensive unemployment are always periods of comparative freedom from industrial strife. Such times are unfavourable to strikes ; therefore strikes are infrequent.

These are the two main factors—consciousness of economic facts and lack of financial munitions—in the production of the present industrial peace. Labour, so far as its industrial organisations are concerned, is too weak or too wise to fight ; therefore it accepts with little more than a mild protest things against which, in other circumstances, it would have fought furiously. In passing, it may be worth notice that this conscious weakness of Labour in the industrial field has its complement in a conscious accession of strength in the political sphere. Just as the dashing of political aspirations at a general election is usually followed by an outburst of “direct” or industrial action, so the inability to prevail by industrial methods generally gives an impetus to Labour’s political activities. It is no secret that the Labour Party is steadily

## The Industrial Outlook

building up a solid political organisation, alike at headquarters, by districts, and locally. At the next general election, whenever it may come, Labour will have anything up to 500 candidates in the field. And Labour will have this advantage, that it has rid itself fairly thoroughly of the extreme Communist wing, which derived its inspiration from Moscow, and has thereby strengthened its appeal to the "workers by brain" who constitute the bulk of the middle-class voters. When the general election comes, Labour may be disappointed. In that case, we may look for a big crop of industrial troubles. But there is at any rate a chance that Labour may double or treble, or even quadruple its present representation in Parliament, and in that case we may anticipate a reasonable freedom from strikes. All this, however, is in the dangerous region of prophecy or speculation. What is beyond doubt is that the industrial debility of the unions has had its counterpart in an increased political virility of the Labour party, and that, in the one direction if not in the other, the Labour movement will continue to assert itself.

### III. THE INDUSTRIAL OUTLOOK

COMPARATIVE industrial peace, from whatever reasoning on the part of Labour we may have attained to it, must be an important factor in determining the time of a revival in the trade of the country. But it is very far from being the only relevant consideration. Can Europe, can the world, count on a return to peace, not in the sense merely of a formal declaration that a state of war is ended, but to that attitude of mind in which Governments and their citizens pursue the arts of peace with single-minded devotion and are content to till the ground, to develop their natural resources, and to live in amity with their neighbours? Can public finance be brought back into the only safe waters, where revenue and expenditure



## United Kingdom

balance, and taxation still leaves enough of the national income to meet the indispensable requirements of industry for new capital? What is the real significance of the competition which our industries will have to meet in the markets of the world, and how far can that competition be countered by anything which it is in our power to do? These are questions which, no less than that of the relations between employers and workers, have a vital bearing on the future of British industry. The sudden lifting of the cloud which since the war had wrapped the labour position in ever-deepening gloom has tended, perhaps, to encourage the belief that again all was well with industry; wages had dropped, the unions were quiet, so trade was bound to revive, and to revive rapidly on a grand scale. Nothing could be more unfortunate than that such a belief should become widely prevalent. We are suffering now from the fierce reaction which follows a boom, from the consequences implicit in groundless, irrational optimism. The position calls only for sober examination of the facts, for hard work, for the spirit of unity, for mingled prudence and courage.

It may be objected that some of the considerations emphasised above—the need for peace and for sound public finance—are in their nature purely political and should find no place in a discussion of an economic subject such as the prospects of industrial prosperity. If there is one thing, however, that the war and its sequel should have taught us it is that politics and economics are inseparable. No settlement of the great political problems of the world can be enduring unless it gives full weight to economic factors. We know now that war on the modern scale not only inhibits trade while it lasts but cripples it long after fighting ceases; that the world is enmeshed in an elaborate and delicate mechanism of commerce, in which every part reacts to a disturbance as the organs of the body react in sympathy with one another; that industry and trade are not the tiresome creation of a

## The Industrial Outlook

material age but the very lifeblood of civilisation. Politicians can no more afford to neglect the essential needs of industry than the manufacturer or the merchant or the industrial worker can afford to be indifferent to politics. At the risk of triteness it is well to restate these truths. This is not the place to discuss in detail movements in the international political situation or the progress made in this country or elsewhere towards the restoration of sound principles of public finance. That is done in other articles in **THE ROUND TABLE**. What is necessary, however, is to point out again the influence of these things on our industrial prospects and that it is not in the sole power of employers and workpeople here to give us back prosperity. There are fortunately signs that the lesson of the economic interdependence of the nations is being learnt, if only under the menace of bankruptcy ; but when a disease has penetrated the organism, it is difficult to find any rapid cure, and in so far as British industry is dependent on the cure becoming universal, an early return to normal healthy conditions can scarcely be expected.

If we turn to examine other features of the industrial situation, there is much that is reassuring. It is true that there is as yet little sign of any substantial revival of demand. The recent promise of a brighter day in the textile industry has already been overclouded. The iron and steel industries must remain stagnant until there is a substantial fall in the price of coal and coke, and with the mines only just reopened and working to meet accumulated needs, coal is not likely to be much cheaper before the autumn. Even when the blast furnaces and the rolling mills can be restarted, the iron and steel industry must expect to face fierce competition, with the world's productive capacity probably in excess of the demand. Ship-building is in even worse case ; there are ships still building but no new orders, and with the world's shipping tonnage already ten million tons in excess of that of 1914, with active and far cheaper building in German yards, and with

## United Kingdom

the present low volume of ocean-borne trade, shipbuilding in Great Britain probably has lean years ahead. The engineering industry must obviously be hampered both by the general depression, since it is the handmaid of other industries, and by the shortage of capital for new development. It is not, then, from the immediate prospects of any of the great industries that much comfort is to be derived. We must look rather to such changes as depend directly on those engaged in industry themselves. In the earlier part of this article there is an indication of the almost universal and substantial reduction in labour costs which employers have been able to negotiate with the Unions. This process has gone side by side with an attack on overhead charges. Overgrown staffs have been reduced, wasteful expenditure of all kinds curtailed. Retrenchment inevitably involves hardship to individuals, but there are times when it is the only alternative to bankruptcy. More important in some respects than either of these forms of economy is the return to that form of "normalcy" which may be broadly described as prudent management of industry. It is not the least of the evils of a great war that it blinds employers and Labour alike to the conditions on which industrial prosperity depends. Hard facts are obscured by a haze of over-confidence. In this spirit businesses are expanded simply for the sake of expansion : industries are developed without regard to the demand for their products. The results are disastrous not merely to those concerns which are intrinsically unsound but to the whole standing of industrial enterprise as a field for investment. Capital in the long run seeks security first and afterwards, if it can get it, a high rate of remuneration ; and when the value of almost every industrial investment is seen to depreciate by half in a few months, capital naturally buries itself in the banks. After a destructive war, when the capital available for investment is in any case greatly reduced, this tendency must cripple even the sound industries. The fires through which we have passed in

## The Industrial Outlook

the last few months have separated much of the dross, and, if the word may be used, have purified the whole range of industry. This drastic treatment, by substituting prudence for speculation, reasoned confidence for blind faith, will in the end be seen to have done a valuable service. Neither the evil nor the reaction from it was in any way confined to Great Britain; they may be traced in every corner of the world, in communities primarily agricultural as in others mainly industrial. It is a measure of the strong constitution of British industry that, though the disease was hardly anywhere more virulent, recovery has nowhere been more rapid or more complete.

A close examination of the real nature of foreign competition shows, perhaps, less reason for despair than might appear at first sight. America has hardly reaped the full benefit of the opportunities offered to her in foreign markets by the war. Inexperience in export trade and the lack of any long tradition of American settlement abroad perhaps account for a tendency to overlook the pride or the independence of the foreign buyer and to hold him in a formal grip rather than by the loose ties of habit. There is, too, a home market which is a world in itself and in normal times occupies an almost undivided attention. The depreciation of all other currencies relatively to the dollar is a serious temporary obstacle. The real danger of American competition lies in the ability of its great corporations to offer their products abroad at prices fixed practically without regard to the manufacturing cost, if owing to slackness at home or to the strategic importance of a particular contract they think it desirable to do so. Of our European competitors Germany, and in a less degree Belgium, are clearly formidable. Elsewhere in this issue is a brief account of some of the financial and industrial problems with which Germany has to contend. They are numerous and difficult; and although at the present time the disparity between the internal and external values of the mark gives Germany, on paper, an overwhelming advantage in price in

## United Kingdom

foreign markets, it hardly seems possible for that advantage to be maintained. Anyone who has seen comparative figures of German and British prices in different foreign markets will have been struck by two things : first, the difficulty of reconciling many of the German quotations with one another ; and, secondly, the fact that the German price often failed to show the advantage which on paper might have been expected. The truth is that the Germans have been working in unnatural conditions through the instability of their exchange, and unless they can build on a firm value of the mark, they must continue operations on a basis which is in the long run inconsistent with sound business policy. We may still find that, just as the real strength of Belgian competition is not so much in the exchange as in the exceptionally high output per man-hour, that of Germany lies in the brilliance of her industrial technique, in the boldness and organising power of those who control her industries and in their faith in research and improved methods. There is a danger in the spirit of economy which has swept over this country, salutary though it is, that it may lead to the restriction of expenditure on work which is essential to progress. Every year the advantage, which British industries have had for so long, of greater experience, of prestige and good will is diminishing, and in inverse ratio the handicap of every obsolete method or defect in organisation increases. In the enthusiasm of the Armistice far-reaching changes were planned and universally accepted as capable of immediate realisation. However superficially elaborated, these schemes were sound in principle ; and there is something ominous in the growing tendency to dismiss as a grandiose extravagance such projects as that for the systematic reorganisation of the electric power supply. We may yet come to realise that for the safeguarding of our industries we need not so much an accumulation of tariffs and of committees to adjust them as the exercise of a scientific imagination and

## The Industrial Outlook

the co-operation of different industries and interests for the attainment of national efficiency.

The idea of co-operation leads back naturally to the relations of employers and Labour. If the present industrial peace meant simply that the unions can not afford industrial war, it would scarcely be of long duration. There is fortunately some evidence that other forces are at work. It is a fact of importance that practically without exception the recent disputes, full-fledged or embryonic, about wages reductions have been settled in direct negotiation between the employers and the unions. There has been a healthy desire to avoid at all costs what both parties regarded as the amateurish interference of the Ministry of Labour or any other Government department. This marks a return to a sound tradition. Government control of industries, Governmental settlement of disputes only serve to strengthen the fallacy which some extremists on the Labour side have propounded that there is no common ground on which employers and Labour can meet. It is not too much to say that the future of industry here depends mainly on the degree of their success in enlarging this common ground. Co-operation is daily more active in individual works, through Works Committees or discussion between the management and representatives of a particular shop. The general statements which employers have recently had to make as to the state of trade in their national and district conferences with Labour would have been deprived of much of their force if they had not been supplemented in the individual works by detailed evidence drawn from the experience of those works. In the end it rests primarily with employers how far the method of frank discussion of difficulties is carried, and at the present time employers have a great opportunity. They need, and the country needs, above all stability in industry and a period of peace in which the damaging reputation acquired abroad by Great Britain as the home of incessant Labour disputes can be lived down.

## United Kingdom

Labour has had to accept wage cuts which involve a lower standard of living. If employers will avoid the delusion that on that account Labour is at their mercy and will practise frankness and moderation, they may create that habit of co-operation which industry is so much in want of, and turn an armed truce into a peace.

## CANADA

### I. SIGNIFICANCE OF THE BY-ELECTIONS

**BY-ELECTIONS** continue to go against the Meighen Government. It would be foolish to deny the significance of recent contests in Quebec and Alberta. In Yamaska, in the French Province, where members of the Cabinet believed there was a prospect of success for the Ministerial candidate, his Liberal opponent was elected by a plurality of 1,500. In Medicine Hat, in the Province of Alberta, where the contest was between a Government candidate and a candidate representing the United Farmers, the agrarian had a majority of 8,000. Moreover, Col. Spencer, who stood for the Government, had served with distinction oversea, had sat in the Legislature and had personal popularity and the best private and public reputation. His opponent was a Scotsman, forty-two years old, bold and vigorous, with complete faith in the cause which he espoused, and a great confidence in the ineptitude and futility of the Government. In the rural polls his vote was three to one against that of the Government candidate. In Medicine Hat itself, which has 4,000 voters, and where it was believed Col. Spencer would have a majority of at least 1,000 the Farmer led by 226.

No doubt there were special reasons for this unexpected result in an industrial community. Medicine Hat is a railway centre and the railway workers were excited by the immediate prospect of a reduction of wages. It is true that this reduction is general all over the continent,



## Canada

sanctioned by the United States Labour Board and accepted by the international unions, but the moment was none the less favourable for successful appeal to the workers. Besides, among the speakers for the agrarian candidate were the Rev. William Ivens and the Rev. J. S. Woodworth who were active leaders in the One Big Union during the strike in Winnipeg two years ago. It is hard to believe that there is any natural alliance between Western farmers and Labour under such revolutionary leadership, but apparently the great body of the railway employees cast their ballots against the Government. The fact is the more remarkable when it is stated that Mr. H. W. Wood, leader of the United Farmers of Alberta, opposes any alliance between organised Labour and organised farmers. At the Convention which nominated the agrarian candidate, Mr. Wood said: "Labour and the farmers cannot organise together and it is no fault of either group that they cannot. I am talking as sincerely to Labour as to the farmers when I say, 'Don't dissipate your strength in order to win a few votes.' I am just as anxious as anyone that we should carry the election, but I had a thousand times rather we should not do so than that we should win at the expense of our organisation. We are not ashamed of what we have done; we have put all our cards on the table, and if members of the organised Labour movement believe that our policy will serve their interests it is their duty to support it."

Mr. Wood is a blunt and uncompromising advocate of group and class organisation for political action, but in this is opposed by Mr. Crerar, national leader of the farmers, and Mr. Drury, leader of the farmer-labour coalition in Ontario. So he is opposed by *The Winnipeg Free Press*, the most influential of Western newspapers, which while giving its full support to the agrarian party denounces class government and describes Mr. Wood's position as grotesque. But even against Crerar and *The Free Press*, Wood holds the allegiance of the farmers of Alberta. For

## Significance of the By-Elections

example, in Saskatchewan the Liberal Government has come through a general election with a substantial majority chiefly because the Grain Growers gave a general support to Liberal candidates, while in Alberta, where Mr. Wood directs the agrarian forces, a Liberal Government has been decisively defeated, and the farmers will control the Legislature and have a clear majority over all other groups and parties. Probably as in Ontario, Labour, which elected four members, will support the agrarian Government even though Mr. Wood opposes any coalition between Labour and the farmers. In the last Legislature there were 37 Liberal and 19 Conservative members. In the new there are fourteen Liberals and not one Conservative. All candidates who do not profess allegiance to the Grain Growers represent Labour or claim to be Independents.

In the Provincial general election of Alberta, as in the Federal by-election in Medicine Hat, the agrarian platform was not very definite, nor were the farmers' denunciations of the "evils of partyism" very definite or always coherent. A Conservative worker in Medicine Hat declared: "This is not a political machine we are up against; it is an epidemic." Nothing is more precarious than political prophecy, but at least it may be suggested that the outlook for the Meighen Government in the three Prairie Provinces is not encouraging. Nor is the Liberal prospect much better. At the moment it looks as though the United Farmers would carry very many of the rural seats in Manitoba, Saskatchewan and Alberta, and do well in Ontario. The Government, however, should take majorities out of Ontario and British Columbia and make a decent showing against farmers and Liberals in the three Atlantic Provinces. On the Atlantic, however, probably as many Liberal as Conservative candidates will be elected while neither Conservatives nor Farmers have yet made any impression upon the great Liberal stronghold of Quebec. In the Yamaska by-election the United Farmers put up a candidate but he polled only a few hundred votes,

## Canada

while in York in the Province of New Brunswick, a farmer candidate was defeated by 1,000 majority. The bulk of this majority, however, was provided by the City of Fredericton. In the rural sections of this constituency the farmer ran ahead of his opponent. There is, however, no convincing evidence that the agrarian movement will develop such strength in Quebec, New Brunswick, Nova Scotia, and British Columbia as it has shown in Ontario and the three Prairie Provinces. But in all the Provinces except Quebec and British Columbia the movement is formidable and it is easily conceivable that the farmers may have as many seats in the next Federal Parliament as either the Conservative or Liberal parties. There are two by-elections pending in Ontario, and if these also go against the Government Mr. Meighen may dissolve Parliament. A reason against dissolution is the necessity for a redistribution of constituencies when the census is completed. Probably the figures of the census will be available in October and Parliament could be at once convened. There is no doubt that a redistribution would give a greater representation to the towns and cities, but the West would also secure additional representation, and the farmers apparently do not believe that any fair readjustment would seriously affect their prospects in a general election.

### II. MR. MEIGHEN AT THE CONFERENCE OF PREMIERS

**F**AR greater interest than was anticipated has been aroused in Canada in the Conference of Prime Ministers in London. When Mr. Meighen left Ottawa it was believed that he had few if any definite proposals to submit to the Conference and that he would interest himself chiefly in the Japanese Treaty. It was not known that he would oppose renewal or go farther than to insist that nothing in the Treaty should be objectionable to Washington. There was, therefore, some surprise in

## Mr. Meighen at the Conference of Premiers

Canada when the despatches described Mr. Meighen as the determined advocate of abrogation, and represented the Canadian Prime Minister as expressing the definite and settled opinion of the Canadian people.

It is certain that Mr. Meighen had no authority from Parliament to take this position, nor has there ever been any evidence of acute feeling in the country over the Japanese Treaty. In British Columbia there would be energetic protest if the regulations affecting Asiatic immigration were relaxed. There would be general protest over any attempt to deprive the Canadian Parliament of full control over immigration. It is certain, too, that any provision in the Japanese Treaty which could under any conceivable circumstances involve Canada or the Empire in conflict with the United States would be rejected by the Canadian Parliament. But there was no apprehension in Canada that Imperial Ministers would seek to open the ports of the Dominion to Asiatics, or that they would enter into any contract with Japan which would produce misunderstanding with the United States. There is, therefore, for Mr. Meighen's general position the strongest support, but subject to the conditions which have been stated it is doubtful if there is any great body of feeling in favour of denunciation of the Treaty if Imperial or Australasian interests would be prejudicially affected by denunciation or good relations between Great Britain and Japan disturbed or impaired. In short, it is not believed that Great Britain need affront Japan in order to conciliate the United States, and there are even those who think that a sympathetic understanding between Great Britain and Japan may enhance the power of the Empire to maintain good relations between Japan and America and control public policy on the Pacific to the common advantage.

For Mr. Harding's proposal of a Conference at Washington to further disarmament there is universal support in Canada. It is the common feeling, too, that the Conference should be held at Washington and that the Dominion

## Canada

should be represented. But the situation is not without confusion and uncertainty. Is the Empire to be represented at the Conference as an Empire or as five or six separate nations? To the British people few problems have ever been found insoluble, but it is idle to deny that grave difficulties lie in a divided diplomacy. According to the despatches Mr. Meighen has contended at the Conference of Prime Ministers that the British Government shall enter into no treaties or special alliances without consultation with and the advice of the Dominions; that all such treaties even when entered into shall be subject to the approval of the Dominion Parliaments; and that upon all questions arising as between the United States and Canada the advice of the Canadian Government must be accepted as final. One jealous for the old and common theory of Empire could easily regard this as the proclamation of a new Monroe Doctrine and as involving the final exclusion of Great Britain from this continent. It is not so intended, but surely its implications are revolutionary and far-reaching. As *The Montreal Gazette* admits, this is all in keeping with the theory of the Commonwealth of Nations, but "that it is all, and will at all times be practical, is not assured." It thinks there is a suggestion of limitation of the central power's necessary freedom in the proposal that upon all questions of foreign policy affecting the Empire the Dominion Governments must be consulted as there is a possibility of internal friction in the suggestion that no treaties or alliances shall be made without consultation with and the advice of the Dominions and shall be effective only on the approval of the Parliaments of the Dominions.

"The rulers of India," says *The Gazette*, "might think a renewal of the Japanese defensive treaty a good and proper thing; some of the Commonwealths may think it dangerous. Already it is assumed that Canadians should be guided as to their attitude by what the United States may think or what some may declare to be what the United States may think. Such possibilities as are suggested need not cause alarm or anxiety. The facing of the situation boldly

## Mr. Meighen at the Conference of Premiers

and discussing its phases with open mind may solve the awkward points, or set them aside. Meantime the existing order, that has stood the severest of tests, remains and is likely to remain for a long time in the future. It was stronger than the desire for change to Imperial Federation. It may be stronger than the Commonwealth of British nations conception."

It is not impossible that the Conference on disarmament may sorely test the theory of the British Commonwealth of Nations. If there should be disagreement between Great Britain and Canada over the Japanese Treaty or any other proposal affecting the Pacific in which the Dominion may believe that it is vitally affected the United States and Canada in agreement may impose a decision upon Great Britain or bring the Conference to a deadlock. If Canada is to be the sole and final authority over all questions arising between this country and the United States, will Great Britain have any responsibility for the execution or observance of any contract into which the Republic and the Dominion may enter? There is probably no reason to apprehend that any such situation will arise, but at least it is wise to consider all the implications and possibilities which lie in the relation between Canada and Great Britain which Mr. Meighen would establish.

It is significant that the course of the Canadian Prime Minister at the Imperial Conference has the warm approval of all that section of the Press which represents the extreme autonomists. The Conservative newspapers have been more uncertain and more reticent. Mr. Meighen's conception of Empire is that of Sir Wilfrid Laurier, and Mr. N. W. Rowell, rather than that of the old school of Canadian Imperialists who have put the emphasis upon co-operation rather than upon independent and separate action by the various British nations. There is need for hard thinking and a long vision to determine the direction in which we are going. At least, Mr. Meighen has vitalised the problems of Empire and conceivably his attitude at the London Conference may have enduring

## Canada

effects upon political groups and political conditions in Canada. In so far, however, as he has emphasised the high importance to mankind of understanding and co-operation between the United States and the British Empire he has carried the free and common assent of the Canadian people and already there is evidence that Americans are neither indifferent nor unresponsive.

### III. A LEAGUE OF NATIONS SOCIETY

THE formation in Canada of a League of Nations Society, christened in Ottawa in the last days of the session at a non-partisan public meeting, with a number of representative Canadians as sponsors, has come none too soon, and at a singularly fortunate moment in view of Mr. Harding's Conference, which will give it a chance to be taken seriously. A society of this kind can do much good if it is prepared to interpret its title broadly. Its leaders must be prepared to risk any unpopularity rather than commit themselves dogmatically to the League in its present form, or indeed, at this stage, to any particular form at all. The dogmatist is the bane of all our efforts to think less provincially than heretofore. Reason is stifled in an atmosphere of positive unsupported assertions. The war disease of propaganda-mania is, like Spanish Influenza, particularly deadly to the young and healthy.

The hope of the Society's value lies in its willingness to meet an educational need for which, to speak frankly, there is no strongly expressed demand. The danger that its force may evaporate in sentimental oratory is rightly being risked in the effort to compel politicians and people alike to begin to learn and study the new rôle for which they have prided themselves so publicly on being cast. Both need and danger are very real, increasing rather than diminishing. For Canada as a whole persists in remaining oblivious to the fact that the League of Nations is not

## A League of Nations Society

functioning as we expected it to function when our ministers signed the Covenant for us ; persists in believing, and complacently stating in the Press, that because the League is not killed, it is really alive ; persists in the most elemental contradiction of advertising at one and the same time that the Dominion has obtained an independent status and has not the least intention of undertaking an independent responsibility. We need no society, then, to tell us that the League of Nations is in the abstract a great conception or in the concrete a recognition of Canadianism. But we do need, as seriously intentioned people, to be made to bring pressure upon ourselves and our politicians to cap talk with action and to walk warily along a path which may indeed lead to Pisgah, but most certainly passes first through unknown woods where false turnings peter out in a maze of side-tracks.

Big talk about loyalty to the League idea is at this last stage quite as useless as big talk about loyalty to the British tie, which by cropping up in almost every parliamentary debate on international relations either within or without the British Commonwealth loses effectiveness in reiteration. And in fact our attitudes to the League of Nations and to our Commonwealth are closely, even inextricably, interdependent. We do not realise this, for the good but perilous reason that we are not intellectually frank with ourselves about either problem. Two extreme points of view, seldom openly expressed, are in actual conflict. One is that a League of Nations may somehow or other give us some of the benefits that, admittedly by almost everybody, accrue to Canada from the Imperial tie and at the same time pay more attention to our individuality than can Great Britain, however willing and considerate. The other, revolted by this suggestion, would repudiate any independent action by Canada as a signatory of the Covenant. The first view might easily lead, some would say has already led, to a policy of playing off one loyalty against another—a form of *realpolitik* the history of which is



## Canada

marked by disaster all down the record of ages. The second deliberately adopts a die-hard position entirely out of sympathy with post-war Canadian feeling when, for example, it rebukes Mr. Rowell for arguing with Mr. Balfour at Geneva. In either case, *non sequitur* ; and in either case the logical error is traceable to one or both of two processes of thought : first, a vague feeling that the British League of Nations and the World League of Nations exist for similar purposes, have much in common alike in theory and fact, and are in greater or lesser degree interchangeable or potentially antagonistic ; second, a definite belief that the first condition of Canadian contribution to progress in either association is a complete recognition of her status, and that until this is conceded to her fullest satisfaction she would be putting cart before horse to think out constructive policies or to take too seriously the problems of future commitments. It is to be hoped that the League of Nations Society will boldly combat both fallacies with the facts, and make perfectly plain to Canadian people that a League of Nations is an entirely new form of political adventure and in no sense an alternative to any political relations that they have had in the past, demand at present, and will certainly have in the near future with any or all of the other British peoples ; and that the one inexorable and unchanging law of history is that the labourer is worthy of his hire,—which means, for us, that a very few years hence Canada's status will not in the least depend upon any recognition that a conference at London or at Paris or at Washington may concede to her now, but upon the value of Canada in society as expressed by service not with lips but hands.

“Facts are stubborn things,”—and they can outlast sentimentalities. The League of Nations lives, but only as an idea ; for as a factor in world politics, everybody knows that it exists almost on sufferance, and every believer in it dreads to see it challenged by the very forces from amidst whose ashes it was said to have come to life. Is Canada, one of

## A League of Nations Society

the loudest acclaimers of the idea, properly humiliated from the exaltation of 1919? If it be said that Canada can do nothing, let it be replied at once that Canada is at the present moment doing a very great deal. For as things are to-day almost the entire weight of world-peace hopes rests upon the British Commonwealth, and that not merely because only the British and English-speaking peoples have anything like sufficient force to crank the machinery of economic pressure, but (and more essentially, since in this respect the United States cannot help us as they can and must with the machinery) because little but the example of the British peoples in league restrains civilisation at large, and Europe especially, from the rankest scepticism about the possibility of any league at all. The world—another stubborn fact—is too old, too weary, and too profoundly menaced by anarchy to take risks. And only an active league of peoples who can live and develop harmoniously, expand to meet new conditions, contract in face of emergency, practise the arts of courtesy, appreciation, and give-and-take under the influence of a fundamental sympathy and common idealism that has faith to remove mountains, can give that world a real lead for the most daring policy that it has ever contemplated and shrunk from, disarmament. Plainly, then, the most pressing and immediate test of Canada's sincerity in the world-league cause is the attitude that she adopts within her own league in these days when she is, in the technical sense, one of the aggressors. We sail in waters that only Britishers have charted. We shall not be shipwrecked, but that is not enough. The landsmen waiting beside a frailer boat are watching how we manœuvre in heavy weather. One of the objects of the new society is "to study international problems and Canada's relation thereto *as a member of the British Commonwealth and of the League of Nations.*" The test of the Society is its ability to make Canadians see that this is one object, and not two.

It would not be true to say that Canadians have not

## Canada

recognised the parallel between the two leagues. The real danger is that a large number of them are prone to confound a parallel with an alternative, a mistake that is always common when thought is eager and hurried, and in this case responsible both for the conception of antagonism and the commoner feeling that experience and method learned in the British league will suffice for our intellectual stock-in-trade in the new commitments. Another duty of this educational society is therefore to impress the public mind that Canada is pushing forward on a venture that, in any shape remotely resembling the present League of Nations, is entirely un-British, and though certainly not necessarily the worse for that, so utterly unlike anything to which she has been accustomed that it is the part of common prudence consciously to study the nature of this new commitment and to hasten slowly in the unknown lest she release substance to grasp at shadow.

It may seem trite to rehearse fundamental divergencies in the history, aim, and nature of the two leagues to any who do not realise how persistently they are being ignored in the whole of this discussion. The League of Nations is a machine, and the most complicated machine that the world has ever known. This is inevitable, and will be true of anything that may develop out of it or replace it, because any association that aims at control of international affairs at this late date must be consciously created. Now every Canadian schoolboy knows that the British political system is not a machine, just because it has not been consciously created. And every Canadian newspaper reader and voter knows that the Dominion Premiers can press their cases so frankly and insistently at London without fear of ruptures that their electors would not for one moment tolerate, because they are part and parcel of a system that was not consciously created. In the Commonwealth League signs of the machine are like red rags to every shade of autonomist. Odd bits of machinery still control potential actions of Canadians. It is undignified, derogatory to the national

## A League of Nations Society

status, to be part of any machinery that must answer to the control of a lever touched by others than the Canadian electorate. Sound sentiment—and so thoroughly British ! True, it is not a panacea, this spurning of machinery. Therein lies the great difficulty of finding the proper solution to the control of foreign affairs in the Commonwealth. Machinery can be safely scrapped when all parties agree in their dislike of it. The problem becomes involved when we contemplate half a dozen Commonwealth ambassadors at Washington, the capital of a great country still loyal to and indeed enthusiastic about the value of constitutional machines. Foreign affairs, like the League of Nations, or the International Labour Bureau, or indeed any conceivable form of international relations, cannot be worked entirely on the British principle of expansion and contraction, which is only possible where there is not merely the will to harmony but also the capacity of arriving at conclusions by similar processes of thought. If we could do without machinery in diplomacy, we should be a great deal nearer the millennium ; and almost certainly we should not be living through the aftermath of a great war. But we cannot, and it is a reasonable fear that in the proposed system of national embassies within the Commonwealth, two ambassadors, neither of them necessarily representing Great Britain, might pull down different levers at the same time and wreck the whole priceless contrivance of British prestige, British power, British security. None the less it must be emphasised that the autonomist movement in the Dominions is thoroughly British in instinct. Canadians are pressing for great changes within the British league, knowing that they are gambling on certainties because the machine that they would yet further modify is so small, so infinitely small a part of the political tradition of their British connection that it can be slowed down here, scrapped there, without hurt or loss of efficiency. Yet, with sublime lack of logic, we laud and magnify ourselves because in another league we are a very small cog in a very

## Canada

big machine which might, in theory, throw our young men out as soldiers into the Yap Islands or Turkestan with the alternative of being stamped as the pariah dogs of civilisation. And we never tire of declaring that Canadians will never fight in Mesopotamia for Great Britain, knowing quite well, and at bottom thinking it a rather wonderful thing, that Great Britain has never told us to send any soldiers anywhere. Now we have not the slightest intention of fighting in the Yap Islands or Turkestan, because we know that the League of Nations is not operating. Still we say that we desire nothing so much as to see it operating. Some even look to it for a freedom not attainable, a path of glory denied, under a system which has never charged us a dollar or demanded the sacrifice of a life.

Arising out of the difference between historical unity and machine-controlled co-operation is a profound divergence of authority and power and responsibility. The British Commonwealth is a superstate and cannot be anything else ; and that is something which the League of Nations is not, and never can become. This is the third stubborn fact, and no sophistries about "alliances of equal nations" will get us away from it. "The truth is," writes Lord Robert Cecil on July 4, "that the League of Nations, so far from being a superstate, is not even an alliance" ; while a week later *The Toronto Star*, in rebuking a publicist for "discovering" a movement for independence in Canada says editorially : "Those changes in her working relations with the Mother Country which Canada is asking, or which she is offered, will give this country a free hand in all her own affairs, and yet will leave us in a free and harmonious unity with the United Kingdom in all those wider matters in which the British Empire is concerned." The colours, then, are nailed to the mast as securely as ever. The autonomist (of whose views the *Star* is a representative organ) finds no dilemma between national aspiration and the continuance of membership in a superstate. This is no cause for logic-chopping—it "works." Once again, his

## A League of Nations Society

process of thought is characteristically British. But this is just the point at which the Canadian differs most radically from American and Frenchman and Italian, who are historically unused to the idea of a loyalty to anything but a geographical unit, and so distrust all the implications of a superstate that it is safe to say that whatever form a world league may take, its authority will rest on entirely other sanctions than the final unity to which we have so insistently adhered. There can be no possibility of alternation between one idea where, for instance, as the Prime Minister of this Dominion has just reiterated in the most explicit terms, "the peril of one is the peril of all," and another wherein the whole chance of co-operation depends upon perfect freedom of each party to arrive at an independent decision as to the presence of peril to itself, uninfluenced by the pressure of common interests, instincts, and aims,—shared between it and all the other parties concerned.

For the third most striking difference between the two league ideas is a yet more fundamental difference of horizon. A machine may turn swords into ploughshares—God grant it can!—but it never gave breath to a great and happy people. Hohenzollern Germany made but the last of many historical attempts to prove the contrary. Thus we face one more stubborn fact. The prevention of war is a superb hope, but, twist it how you will, it remains none the less a negative conception. The British Commonwealth, having within its own orbit—more than a fifth of the world—already reached that goal is in position to begin where the League leaves off. For the British league is nothing less than a philosophy of justice, liberty, and toleration in the corporate society, not the only one that has stood the test of experience, but beyond all question the one proved most adaptable to different races, different stages of progress, changing political and economic conditions. If the British tradition were only a heritage to be used and directed into some new channel by a young and vigorous people, the binding tie might perhaps properly be relaxed to free that

## Canada

people for wider conquests. But the whole genius of the British ideal—and this is why there exists no concrete definition of it—is that it knows no goal, fixes its eyes on no delimited horizon. *Canada fara da se!*—but Canada by the very act of working out her own salvation does but carry on the greatest positive idea that man has dared to conceive. “In our political institutions,” said Mr. Meighen in the Guildhall, “we are indeed replicas of this country. In that fact—what I call that momentous similarity—are wrapped up the sense of our common mission on earth and the secret of our unity.” The vast majority of Britishers hail the world league idea. How could they logically do otherwise? The “mission” is manacled and fettered on its march into the unknown only by those armaments which a League of Nations is to destroy. But the world league cannot hope for generations to throw off the sombre shadow of the policeman; and its ultimate horizon is a judgment seat.

These divergencies, three among many, admit of and demand the deepest consideration by the common people, and until their implications are realised there is always the danger of a false step infinitely hurtful to Canadian prestige. The ignorance and uncertainty of Canadians on the facts of international relations and the problems of political science in its most complex form are not very different from those of all other parties to our present discussions. It is no longer sound diagnosis to attribute muddle-headedness to complacency or provincialism. The average man in the street here is no less instructed in these matters than the average European who is supposed to have escaped from provincialism and has certainly little cause in these days to feel complacent. The interest of the Dominion in great and difficult problems is thoroughly aroused. Never before has the Press devoted half as much of its news space and editorial pages to such subjects. Never has Parliament had so many or so carefully reported full-dress debates on non-Canadian affairs. It is this very interest, and the atmosphere of militancy that arises out of it, that accentuate

## A League of Nations Society

the uncertain touch of people, Press and Parliament alike and the need for accurate knowledge and the subordination of argument to fact. The indispensable ingredients for a successful solution of all our external problems are more precise information and more clear thinking. The value of the latter being entirely dependent upon the acquisition of the former, the League of Nations Society has an immediate opportunity for action, and by its acceptance or rejection of that opportunity its value will be proved, and its real sincerity judged. It needs no creed beyond that which is acceptable to every shade of serious political opinion. To repeat for emphasis—this is no time for propaganda. After London, Washington. A great opportunity is to hand to place all the facts before the Canadian people, inform them and keep them informed, and force them to do some hard thinking for themselves.

Canada. July 1921.



# AUSTRALIA

## I. MR. HUGHES' MISSION

**B**EFORE leaving for London to attend the Imperial Conference Mr. Hughes made a statement before the Federal Parliament on the objects of his mission and on the policy which he intended to advocate. The statement though it was severely criticised on some points was on the whole favourably received. There was a fairly general consensus of opinion that Australia should be represented, that her representative should be Mr. Hughes, and that his policy, subject to the pledge which he gave, would express the wishes of the Australian people. Mr. Hughes may therefore claim that on the subjects mentioned in his speech his attitude has already been approved by Parliament. But since the decision to take Parliament into his confidence was a departure from Mr. Hughes' practice in dealing with foreign affairs, or with Imperial relations, and since the statement cannot now be regarded as so comprehensive as it appeared when delivered, it may be useful before describing the debate to set out the circumstances under which it was held.

Since the very perfunctory debate on the ratification of the Peace Treaty, there had been no discussion in the Federal Parliament either of foreign affairs, or of Imperial relations. No Minister had attempted to analyse the new status which the Dominions were said to have acquired at the Peace Conference by their separate representation, and by their membership of the League of Nations, or to

## Mr. Hughes' Mission

express an official opinion on the renewal of the Anglo-Japanese Alliance, the one problem of foreign affairs in which Australia was directly interested. Newspaper readers were familiar to some slight extent with the interpretation placed upon the new status by General Smuts, Sir Robert Borden and Mr. Mcighen, but with a few exceptions, they were quite ignorant of the theory of constitutional relations promulgated at Paris and of the manner in which this theory had been affected in correspondence between the Imperial Government and Dominion Ministers. On defence they were slightly better informed. The necessity of co-operation had been demonstrated by Lord Jellicoe's report, by statements in the Imperial Parliament and by debates on the Federal estimates. But though the necessity of co-operation was recognised, no information had been given as to how it was to be carried out. Ministers had formed an unvarying habit of answering all questions on naval and even on military matters by saying that nothing final could be done until the Imperial Conference had formulated its plans. If Mr. Hughes had gone to London without previously consulting Parliament, he would have spoken for Australians on subjects on which they had had no opportunity of speaking for themselves, and possibly committed them to undertakings to which they were opposed. Some years ago such a course of action might have been tolerated. But more recently, a strong feeling has developed against dictation by the executive and, in particular, Mr. Hughes, and this feeling has coincided with a growing recognition of the importance of foreign affairs to Australia since the centre of interest has shifted from Europe to the Pacific. The demand that Mr. Hughes should consult Parliament was therefore cogent and the arguments were irresistible and since Parliament was in recess from the end of December until the beginning of March, it was necessary to put it forward in the Press. The most popular arguments were that the country was entitled to hear Mr. Hughes' ideas on defence and on the

## Australia

Anglo-Japanese Alliance, and that unless an opportunity for criticism had been offered he would not be able to speak with authority in the Councils of the Empire.

It was suggested also, that if he were to take Parliament into his confidence, the probability of any arrangement made at the Conference being subsequently repudiated would be very greatly diminished. At the same time, Mr. Hughes was called upon by a number of newspaper correspondents of high authority to state his views on Imperial relations. Reference was made to the speeches of South African and Canadian Ministers, to debates in the Canadian House of Commons, and to papers tabled there. The public were warned of the danger to the unity of the Empire involved in these doctrines and Mr. Hughes was asked to give the fullest information to the House of Representatives, and to express his dissent from them.

In compliance with the request of these correspondents the Government has now tabled a series of papers containing (1) the Memorandum of March 12, 1919, circulated at Paris by Sir Robert Borden on behalf of the Dominion Prime Ministers; (2) Rules of the Peace Conference defining the position and representation of the several Powers including the Dominions; (3) correspondence between the Commonwealth Government and the Secretary of State for the Colonies concerning the signing and ratification of the Peace Treaties and an Order in Council passed in Australia praying His Majesty to issue Letters Patent appointing plenipotentiaries in Respect of the Commonwealth of Australia. But they were not tabled until the debate was over and it was not until the last day, a fortnight after it had begun, that members were shown the Agenda Paper of the Conference and the cables between Mr. Hughes and the Imperial Government which led to its being summoned. How the earlier disclosure of these documents would have influenced the debate it is impossible to say, but obviously a debate based on exact knowledge of what was done would have had a greater value. The

## Mr. Hughes' Mission

Agenda Paper, taken in conjunction with the cablegrams, is no doubt susceptible of the interpretation which Mr. Hughes gave it—that the Conference has been called to deal with single problems and not to establish permanent machinery although item 4 is “arrangements for securing a common Imperial policy in foreign affairs.” But the memorandum to which Mr. Hughes was a party is in flat contradiction to his statement that no change in Imperial relations was made at the Peace Conference, for it lays down as an accepted doctrine a theory of constitutional relations\* which has never been accepted or even propounded in Australia, treating the resolutions of the 1917 Conference at which Australia was not represented as if they were universally binding and applying them to the future relations of the Dominions with the Imperial Government without approval of all the Parliaments or without even the formality of a conference.

Mr. Hughes began by dismissing the critics of his attitude on constitutional relations as Imperial Federationists, and then addressed himself to the questions of the Anglo-Japanese Alliance and of co-operation in defence, which he said would be the only questions to come before the Imperial Conference. It was to his treatment of these two correlated topics that the very favourable reception of the speech should be attributed. The speech was entirely different in tone from those utterances at Paris and else-

\* The first paragraph of the Memorandum referred to is as follows :—

(1) The Dominion Prime Ministers, after careful consideration, have reached the conclusion that all the treaties and conventions resulting from the Peace Conference should be so drafted as to enable the Dominions to become Parties and Signatories thereto. This procedure will give suitable recognition to the part played at the Peace Table by the British Commonwealth as a whole, and will at the same time record the status attained there by the Dominions.

(2) The procedure is in consonance with the principles of constitutional government that obtain throughout the Empire. The Crown is the Supreme Executive in the United Kingdom and in all the Dominions, but it acts on the advice of different Ministries within different constitutional units; and under Resolution IX of the Imperial War Conference, 1917, the organisation of the Empire is to be based upon equality of nationhood.

## Australia

where which have caused many Australians to regard every reference by Mr. Hughes to their neighbours as fresh dangers to peace. He spoke with an obvious sense of the hazardous position of this country in the world, of its need of peace and friendship, of the benefits which it has received from the Imperial connection, and of its obligation in the future to take a fuller share of the burden of defence. He spoke of the Japanese people with friendliness and respect and of the Alliance as an instrument of peace. He did not discuss the general arguments for and against the Treaty, nor were they adequately discussed during the debate ; but he advocated the renewal of the Alliance as a means of eliminating possible causes of war, and he coupled his advocacy with the two reservations that no treaty must impair the White Australia policy, or in any way endanger our friendship with the United States. His statement of defence policy was a reminder of the insecurity of our position, of the value to the whole Empire of the supremacy of the British Navy, and of the inability of the people of the United Kingdom alone to maintain it at the pre-war standard. He argued that his duty, or that of any other delegate to the Imperial Conference, would be to join in a practicable scheme of co-operation, but pledged himself not to become a party to any scheme which would not be subject to ratification by the Commonwealth Parliament.

It would be difficult, no doubt, to find fault with any statement of future policy framed in very general terms unilluminated by any record of past failures. But Mr. Hughes' success was not merely negative. It was recognised in Parliament and the country that he had accurately and fairly expressed the view of the Australian people, and while his adherence to the White Australia policy was acknowledged, a warm welcome was given to his profession of friendship and respect for Japan. The only attack of importance was delivered by Mr. Ryan, Deputy Leader of the Opposition, after his leader, Mr. Tudor, had expressed a general if reluctant concurrence. He moved an amend-

## Mr. Hughes' Mission

ment calling upon the Prime Minister not to assent to make Australia a party to any Anglo-Japanese treaty without the consent of Parliament, and argued that in spite of the reservations already made the Alliance, if renewed, would almost necessarily give offence to the United States. He was supported by the whole of the Labour opposition, including Mr. Tudor, but the amendment was opposed by the Government and rejected by the united votes of the Nationalist and Country Parties. The Prime Minister pledged himself that "all matters involving the expenditure of public moneys and affecting the interests of the country, such as the questions of naval and military defence, and any scheme for adjustment of foreign policy, together with the terms of the Anglo-Japanese Alliance—if it should be renewed—should be brought before Parliament." But he refused to pledge himself to refrain from supporting a renewal of the Alliance until Australia had been consulted either through Parliament or, as had been suggested, by a referendum.

Mr. Hughes refused to discuss constitutional relations in his speech, and based his refusal on the two somewhat contradictory grounds that no change had taken place, and that such questions had been postponed by the express direction of the Imperial Government until a later conference. Nevertheless, in the course of the debate he did affirm certain propositions of far-reaching importance, some of which do not appear to be accepted in other Dominions. He *affirmed, for instance, that the Imperial connection must be maintained*, that the legal supremacy of the Imperial Parliament still existed, and that when the Imperial Government was at war Australia was at war, the nature and extent of her contribution, if any, being the subject of arrangement between the Australian and Imperial Governments. On this aspect of his speech, however, he was by no means exempt from criticism from his own side of the House. In particular, his former colleague, Mr. Watt, drew attention to the danger to Imperial unity involved in what he called

## Australia

the direct wire between Australia and the League of Nations Secretariat. Mr. Watt was Acting Prime Minister during the Peace Conference, and though, as appears from the published correspondence between Mr. Hughes in England and the Cabinet in Australia, he dissented from the separate representation of the Dominions at the Conference, he must share responsibility for the ultimate acquiescence of the Ministry. But his observations on the value of unity in external relations and on the difficulty of efficient co-operation if each Dominion conducted a policy of its own were very much to the point and were supported by Mr. Earle Page, who is now leader of the Country Party and is entering on a very promising career in Federal politics.

Unquestionably, his refusal to discuss Imperial relations and his failure to disclose the relevant documents must detract both from the educational value of this debate and from Mr. Hughes' authority on Constitutional relations. *He has no authority whatever, either to make any new claims for status or to reaffirm the position taken up in Paris.* He has rather less authority than he had then, for influential members of the majority in Parliament have declared themselves in favour of preserving the formal and practical unity of the Empire, *even at the cost of retracing steps already taken. But it is a possible explanation of Mr. Hughes' attitude that he has not even now fully realised the dangers to the unity of the Empire of the changes already made.* He has always spoken of the new status as if it were a reward of the achievements of the Dominions in the war. It is so described in the Paris memorandum, and Mr. Hughes seems to have regarded it as having no further implications. In his speech on the relations of Australia to the Mother Country he has usually had other than constitutional dangers in view. He has thought it necessary to answer the declared and undeclared enemies of the Empire, probably with an exaggerated idea of their numbers, and publicly to reaffirm the desire of the Australian people to

## Wool

maintain their allegiance on spiritual as well as on material grounds. This explanation is supported by the many speeches made by Mr. Hughes outside Parliament prior to sailing. He repeatedly and emphatically declared his conviction that Australia must remain an integral part of the Empire in close co-operation with the Imperial Government, and almost as frequently enunciated constitutional theories, which were at variance with each other and with his views as expressed in Parliament. If invective and panegyric had been accompanied by analysis we should have been better off. Mr. Hughes' habit of unthinking improvisation and of accommodating himself to his immediate audience makes it necessary to receive all his utterances with the utmost caution. But there can be no doubt that on foreign affairs and on defence—as well as on the attitude of Australia to the rest of the Empire—he has expressed the views of the Australian people and that he carries with him a precise authority not hitherto obtained by any Australian delegate.

## II. WOOL

WHEN the Australian Wool Pool ended on June 30, 1920, in the course of four wool seasons 7,127,000 bales, or 2,274,164,123 lbs. of wool, at an appraised value of £159,896,396, had been sold to the British Government, in return for which Australian wool-growers had obtained on an average 1s. 3½d. per lb. in cash, together with the right to 50 per cent. of the profits on the re-sale of the wool by the British Government. The sum of £7,600,000, representing a half share in the profits up to the end of March, 1919, was distributed to the wool-growers in October, 1920. Since the armistice the British Government had been so successful in selling wool at high prices that, by the end of 1920, sales of part only of its stocks of Australian wool had returned more than the purchase money of the whole.



## Australia

There remained unsold in the hands of the British Government "carry-over" wool from the Australian wool pool to the amount of about 1,800,000 bales—some of which was in Great Britain, some in Australia, and some in the course of transit. According to contract, the British Government owned this wool subject only to the provision for distributing half the profits and all excess of receipts over expenses of disposal was now clear profit. In addition to this quantity the British Government held about another million bales of New Zealand and South African wools not yet sold.

It had been arranged at the end of the pool that auction sales in Australia of the 1920-21 clip should begin in October, 1920. Wool prices in Great Britain had reached their highest level in March, 1920, and since then had fallen continuously. This necessarily affected the Australian market, so that the new clip sold very slowly and only fine wools were in request up to May, 1921. Before the war the season's clip was usually marketed by the end of March at latest, but this year by that time barely half had been disposed of, leaving unsold, it was estimated, about 800,000 bales, mostly of inferior wools. Wool is the most important and valuable export from Australia, and Australian banks largely operate on money received from its sale overseas. In the past three wool years this had amounted to about £48,000,000 a year, but the drop in prices and unstable market conditions threatened to reduce this for the 1920-21 season to no more than £20,000,000 and to cause serious financial stringency. The pre-war world's consumption of Australian wool was about 1,800,000 bales annually, but this season there were ready for marketing 3,400,000 bales. In fact, there existed the familiar phenomenon of over-production of a commodity due very largely, in this instance, to the fact that European countries were unable to purchase wool on the same scale as before the war.

The problem which confronted all those interested in

## Wool

wool—both in Great Britain and Australia—was how to dispose of this huge accumulation in such a way as to prevent it having a disastrous effect upon the wool industry. To throw it upon the market at once, new wool competing with carry-over, meant probably forcing the price below a level remunerative to the grower. It would mean, too, in all likelihood, handing over a good part of the wool to syndicates of speculators whose interest it would be to manipulate the wool market and to exploit both producer and consumer. Indeed it was alleged to the Federal Parliament that syndicates had been formed for this purpose in anticipation of a forced sale. To hold the carry-over wool off the market meant only postponing the evil day. Woollen manufacturers in Great Britain were naturally anxious to secure cheaper wool, especially after the extremely high prices of 1920, and the consumer wanted cheaper woollens. The grower wanted a price at the least not lower than the cost of production. The British Government wished to get rid of its holding and to close its wool department as soon as possible. Even before the end of the pool negotiations had been carried on between the Australian Central Wool Committee, the representatives of the wool industry in Australia, and the British Government, with a view to devising a scheme for disposing of the carry-over wool. These negotiations were continued during the latter part of 1920, and resulted in the formation of the British-Australian Wool Realisation Association, Ltd., whose initials form the word "Bawra" which promises to become as famous in its way as "Cabal" or "Dora." This association was incorporated and registered under the Companies Act of Victoria on January 27, 1921. The British Government arranged to terminate the wool contract as from January 1, and the association as representing the growers took over ownership and control of half the wool, and was to act for the British Government in disposing of the other half. Naturally there was no physical division of the bales, but, after deducting expenses,

## Australia

the proceeds of all wool sold by Bawra will be divided equally between the British Government and the wool-growers. There is a condition in the contract of agency that it may be revoked if the conduct of the business departs from agreed principles. Bawra has thus a divided allegiance. It attempts to serve two masters—one the Australian grower who desires first, and most important, to sell the new clip, next, not to lose the profit on the carry-over wool : the other, the British Government, whose interest it is to get a large profit as quickly as possible on the carry-over wool, and to see that the woollen industry of Great Britain does not suffer.

When the scheme was first made public in December, 1920, there was a good deal of hostile criticism—especially from the Yorkshire Press, which took the view that it was an attempt on the part of the sellers of wool to dictate prices to the manufacturers. It was denounced as an attempt to corner the wool market, and to maintain prices to the prejudice of manufacturers and consumers which was, they asserted, in particularly bad taste since the British Government's purchase of the wool clips during the war had rescued Australian growers from certain ruin. The British Wool Federation, however, before the end of the month, accepted the scheme as being in the interests of the whole trade, while the Ministry of Munitions in January, 1921, alleged that the interests of the producers and users were fundamentally the same in procuring the largest possible consumption, keeping the price above the cost of production, and preventing an excessive price. During the discussion more than one wool "expert" expressed the opinion that a lowering of the price of wool would not materially stimulate the demand.

Bawra, then, is a company established primarily for the disposal of the carry-over wool. Sales of this wool continued to be made in London at reserve prices, but from the beginning it was recognised that the competition of new wool with Bawra wool would reduce prices—especially

## Wool

as brokers became aware of Bawra's reserves and undersold them. If a satisfactory arrangement could be made between the owners and sellers of new wool on the one hand, and Bawra on the other, it was obvious that something like a monopoly in Australian wool might be established and the price of wool "stabilised." With this aim in view, in February Bawra and the Wool Selling Brokers of Australia agreed that the regulation of wool offerings for auction in Great Britain and Australia, and the fixing of reserve prices were "generally advantageous to the wool industry as a whole in Great Britain and Australia." Practically the same agreement was affirmed in March at a conference in Melbourne representing Bawra and all sections of the Australian wool industry. Similar negotiations were carried on between Bawra and the Colonial Wool Merchants' Association in England. But these proved unsuccessful. In spite of agreements some new wool was sold in London without reserves. Bawra was, therefore, in April forced first to reduce their offerings considerably and then, since no bids were received at the reserve prices, to cancel the sales. From January 1 to March 31 less than 100,000 bales of carry-over wool were sold in Great Britain. The Bawra directorate in Australia then issued an appeal to all interested to co-operate in the sale of the new clip and the carry-over wool. They proposed first, to fix a minimum reserve calculated on an average price of 9d. per lb. ; next, to regulate offerings of new and carry-over wool both in Australia and in England ; finally, in order to bring the recalcitrant minority of "free" sellers into line they proposed to prevent any wool being exported from Australia which did not comply with their first proposal. This arrangement was adopted by the National Council of Wool-Selling Brokers of Australia, but for the prevention of export it was necessary to obtain the co-operation of the Commonwealth Government. Mr. W. M. Hughes gave his assent and regulations to give effect to the proposals were introduced by him into the Commonwealth Parliament

## Australia

in April just before he left for the Imperial Conference. He suggested that the minimum price should be 8d. per lb. and that the restrictions on export should hold only for two months until he was able to carry on negotiations in person in London. The Government showed no enthusiasm for the project and expressed doubts as to its success, but it met with little opposition in Parliament. On May 9 regulations were issued under section 112 of the Customs Act, which provide that before any shorn wool may be exported from Australia evidence must be given that it was bought at a price not lower than an average price of 8d. per lb. If the wool is exported for sale overseas security must be given that it was not to be sold at a price lower than the equivalent of the reserve price. The regulations are to remain in force for six months. The selling brokers in Australia secure practical assent to the scheme by refusing to catalogue wool for sale unless the owners accept these conditions.

Several other proposals were made both inside and outside Parliament for dealing with the carry-over wool. It was suggested that it should be held off the market altogether for a definite period, but it was considered that this would only aggravate the position later. Another proposal which lacked support was that Bawra should purchase the British Government's interest. The most popular one was that the wool should be sold on long terms to European countries, especially to former enemy countries. This had been already done to some extent by Bawra in the case of Austria and Poland, and fears were expressed that if this were continued on a large scale the goods manufactured from the wool would be dumped upon our allies. No one had any definite plan for meeting the difficulty of payment in view of the present condition of international exchanges. There were even traces in the debates in Parliament of the absurd doctrine that Australia should sell goods to Germany but should not otherwise trade with her.

## Wool

The action of the Government in coming to the aid of a private company in its efforts to control the minimum price of our principal export commodity deserves serious consideration. A combine is none the less a combine because it professes to have as its object the saving of an industry from ruin. Bawra insisted that the scheme was not one of price fixing, but an attempt to "stabilise" the industry by preventing the price from falling below the cost of production. None the less it is evident that its whole object is to fix the lower limit of the value of wool, and it is possible to do this only by the virtual control of the whole Australian supply given by the restriction of export. The Commonwealth Government appears to be following doubtfully in the footsteps of the German Government in assisting in the development of an industry by a cartel. It is, indeed, diverting to find the members of the pastoral industry, usually the first to condemn roundly all Government "interference" with industry and commerce, appealing for aid at the first sign that their combine is likely to be unsuccessful because of a few growers and brokers who apparently hold the old-fashioned belief that competition is the life of trade. The time-honoured "law of supply and demand" received a curious but apparently widely-accepted interpretation at the hands of the authors and supporters of the new scheme. It is conceived at one and the same time as an inexorable force directing economic life, and as a jealous deity visiting swift punishment on the heads of all who disobey its command. "I have no desire to use the Customs Act for interfering with the law of supply and demand, but I see no alternative," said Mr. Jowett, a leading wool grower, speaking in the House of Representatives. "Immediately the big stocks of carry-over wool have been absorbed," said Sir John Higgins, chairman of directors of Bawra, "this temporary method can be discarded and the law of supply and demand become fully operative." They forget, or choose to ignore, the fact that their plan provides an excellent example of how the so-called

## Australia

“law” works when the rate of supply upon a given market is regulated by a combine of sellers.

Whether the scheme will succeed in gradually marketing the stocks of Bawra wool and the new clip at a price not lower than the cost of production will depend upon the future wool market, about which it would be foolish to predict. The fact seems to have been forgotten that Australia is only one of the wool-producing countries of the world, and, although holding a dominating position in merino wool, has to meet the competition of several countries in selling other wool. Six months fixing of minimum prices is not sufficient to induce a manufacturer who looks ahead to rush in and buy large quantities of Australian wool at prices which may drop heavily when the regulations come to an end. In any case Bawra's task is likely to extend over several years because of the accumulation of carry-over and new wool.

Since the issue of the regulations the outlook for the sale of wool has become brighter. The London sales in May, both of Bawra and new wool, were marked by stronger competition, some advance in prices, and the sale of the bulk of the wool offered. All sales in Australia were cancelled in April to await the result of negotiations between the various interests, and on their resumption in May competition and prices improved, withdrawals were few, and most of the wool offered was sold.

The financial stringency mentioned above has recently caused several Australian banks to restrict accommodation to many of their customers. A deputation of graziers affected by this waited upon the Treasurer and Acting Prime Minister, Sir Joseph Cook, on May 26, asking for temporary financial assistance. This was refused, but then it was proposed by Sir John Higgins, chairman of Bawra, that for the next five years Bawra should control the whole of the Australian clips on condition that all growers should belong to the pool. As it is fairly certain that a minority of growers would oppose this, compulsion could only be

## Wool

imposed by legislation, and it is not likely that the Federal Government would assent to a proposal which would give complete control of the whole of our wool supply to a combine—even though it were a combine of wool growers.

Australia. July, 1921.



## SOUTH AFRICA

### I. IMPERIAL AND FOREIGN POLICY

THE hope expressed in the June number of THE ROUND TABLE that General Smuts would make a statement of policy before his departure for the London Conference was fulfilled on May 20. Before proceeding to discuss the four main points on the agenda, the Premier protested against the idea prevalent in certain sections of the British Press that this meeting was in any sense an Imperial Cabinet. "The name," he said, "is a misnomer. It is no Cabinet . . . it has no executive functions. This body . . . is a mere consultative body" with no binding powers at all. The disavowal was necessary, because Nationalist criticism had already been directed against the possible binding of South Africa's hands implied in the Cabinet idea, and General Hertzog, in the debate which followed the Premier's statement, made much of this very point.

As touching foreign policy, General Smuts reminded the House that whereas, while she was a colony South Africa could say very much what she pleased without fear of consequences, as a Dominion with international status she must practise caution and restraint. Privilege entails responsibility. A growing realisation of this fact has done more—more even than the check administered to the secession agitation at the late elections or the hard times which have overtaken South Africa—to give that tone of seriousness and moderation which has been so noticeable in the debates of this session. All parties realise that

## Imperial and Foreign Policy

South Africa must face the risks of foreign policy, with their inevitable reaction on domestic affairs. She can do it in isolation if she wishes, or she can do it as a member of the British group of states. In one way or the other the task has to be undertaken. This realisation is one of the main sources of General Smuts' power. He is the least insular of our politicians, and the days of isolation are over.

"To my mind," he said, "there is nothing, even from the point of view of South Africa, from our own domestic point of view to-day in the world, more important than the foreign policy of the British Empire. . . . Our point of view is that what is to-day wanted, above all else in the world, is peace. The world wants it, we want it here in South Africa, and the British Empire wants it, perhaps more than any other combination or group of states in the world."

For the world hangs together to-day as it never did before. No national society, not even the U.S.A., can live to itself alone. In this view General Smuts was heartily supported by the leader of the Labour Party. Commenting on the Nationalist plea that South Africa should keep out of European and Empire politics alike, a plea supported by the novel statement that the U.S.A. had become great "simply because it had kept out of Europe," Mr. Boydell declared that this idea of "splendid isolation" was simply impossible and indeed undignified. South Africa cannot take up the line of "doing trade with everybody, getting benefits from everybody, but accepting none of the obligations and very few of the responsibilities, taking part in the world's affairs but not being in the world's affairs."

General Smuts, supported by the bulk of public opinion in South Africa, proposed to use South Africa's influence in Imperial and world affairs to the utmost. The task which he envisaged for the Empire is an inspiring one. That body, he held, had emerged from the war as "the most powerful organism on earth." It is her duty to take stock of her position at this, the eleventh hour, return to her "traditional policy" of avoiding entanglements in the politics of Europe, and act as peace-maker to heal the hostile spirit

## South Africa

which is abroad in all Europe. Whether or no he was right to suggest that the traditional policy of Great Britain had indeed been to avoid European entanglements for any length of time matters little. His meaning, and still more his intentions, were clear. The British Empire must keep her hands as free as possible and avoid being drawn into the stormy politics of the Continent as the partisan of any one particular group of states. Her rôle to-day is that of honest broker.

The problem of Europe, as Smuts sees it, is largely psychological. The bitter hostility, "the age-long feud" between Germany and France, is only one symptom of a state of mind. That state of mind is inflamed by uncertainty and suspicion. The fixing of the indemnity and German disarmament are two great steps in the direction of political stability, provided the latter can be made the basis of a general disarmament.

Pacification, disarmament, and the danger of entangling alliances led naturally to a statement of the Union's attitude towards the renewal of the Anglo-Japanese alliance. The Premier recognised that this alliance was primarily a Pacific question, and, as such, did not affect South Africa directly; but, bearing in mind the smallness of the world to-day, it was impossible for South Africa to ignore the matter. In 1914, he said, "something that seemed to have nothing to do with South Africa drew her into war. . . . Such is the unity of mankind that there was this repercussion . . . One never knows." Under these circumstances he endorsed Mr. Hughes' view that it was desirable that the renewal should take place, provided that it did not conflict with what must be the cardinal point in British Imperial policy, a good understanding with the U.S.A. The British Empire has ties with both the U.S.A. and Japan. The centre of political interest for the next fifty years is likely to be the Pacific. Europe has largely destroyed herself, and will probably count for less in the affairs of the world than at any time since the seventeenth

## Imperial and Foreign Policy

century. In the Pacific, the Empire is the natural peace-maker between East and West. It remains to be seen how she will sustain the rôle.

In connection with this policy of pacification, the question of Ireland naturally arose. The Premier touched upon it in his reply at the close of the debate, à propos a defence of the idea embodied in the League of Nations.

"The difficulty with the League of Nations," he said, "is that it is restricted by its own constitution in solving difficult internal problems of its own members. There is an article . . . which says that as soon as a question appears to be of a domestic character then the League shall have nothing to do with it. In the . . . Councils of the Empire, however, a more lenient view may be taken. . . . Take the question of Ireland, for instance. There is no doubt this is a domestic question of the United Kingdom, but . . . it may be that the British Government may desire to consult the Dominion Prime Ministers on the state of affairs that has arisen there."

Since this statement was made, all the world knows that Smuts at least was consulted, and that, after his visit to Dublin, he was able to state that "although I am not sanguine, I am hopeful. . . . I believe that the problem can be solved, because I have seen it solved in my own country under circumstances not so bitter, but nevertheless of the greatest difficulty." At the time of writing little more is known in South Africa than the hope thus conveyed, but it is a matter of pride to all South Africans that their Premier has taken a leading part in bringing the parties to the three-cornered struggle in Ireland round one council table.

General Smuts had little to say on the question of Imperial defence. The discussion will naturally arise out of Lord Jellicoe's report on defence in the Pacific. It is obviously a matter of grand naval strategy on which South Africa must hear more before expressing an opinion. Local naval policy is another matter closely connected with considerations of finance. Without committing him-

## South Africa

self, General Smuts hinted strongly that he favoured Dominion fleets on the Australian model.

The most hotly debated point in the Premier's speech was his reference to the agenda for the Constitutional Conference of 1922. The Nationalists discussed the matter with a marked absence of rancour, as Smuts gratefully acknowledged, but their point of view was none the less plain. They feared that the resolutions taken at the 1921 Conference would be morally binding on South Africa, and that the mere discussion of such highly important matters as foreign policy, naval defence, and the Anglo-Japanese Treaty would prejudice those decisions, as to procedure and the powers of the Dominions in determining policy, which are to be taken in 1922. The first fear may be groundless, but there is substance in the second. But what can be done? Surely not recourse to the desperate remedy suggested by General Hertzog that the Premier should not attend these annual conferences? "The Prime Minister," he said, "is only human and is subject to influence and environment" in which he would trust himself as little as he would trust General Smuts. This was really the crux of the debate. The Premier's reply was short and sharp. Given the world as it is constituted to-day, there must be either round table conferences or collisions. Both the League of Nations and the British Empire are constituted on the principle "that nations would no longer act on their own, but that they would come together and consult." If South Africa were to remain in isolation decisions would still be taken, but taken without her criticism and full knowledge.

# Native Policy

## II. NATIVE POLICY

PRIOR to union, a satisfactory solution of the native problem was impossible. In the four short years which elapsed between union and the war, the only measure of any importance passed by Parliament on this matter was the Native Lands Act of 1913, which aimed at confining the acquisition of land by Europeans and natives respectively to specified areas. This Act, which was modified in 1917, was never carried out, and effected little beyond arousing a good deal of excitement in the native mind. During the war and the years immediately following it South Africa could do little more than carry on. It was not until 1920 that the Prime Minister, who, following the old Cape tradition, is also Minister for Native Affairs, introduced the Native Affairs Bill. Lord Buxton, our late Governor-General, has recently reminded an English audience that this was the first time that the Native question, the greatest of all South Africa's domestic problems, had held pride of place in a legislative programme in the Cape or the Union for over twenty years.

During those twenty years the problem has become more and more difficult. Peace south of the Zambesi has led to a rapid increase of the Bantu. To-day the blacks are about five times as numerous as the whites. Their tribal system has steadily crumbled under pressure of European civilisation. So far little has been provided to take its place. The power of the chiefs, resting as it does upon prestige and tradition, has failed or is failing. The presence of white magistrates, the possession of money wages, the taste of urban life acquired by tribesmen in the towns, all act as a solvent on the framework of African society. The days of the great Bantu chiefs are past.

The tribesmen have not yet found a place within the structure of European society. On the farms the transition

## South Africa

from tribal life is not so abrupt. The Kaffir loves the smell of the earth and the lowing of cattle, and both of these he gets upon the farms. But in the towns and on the mines he is in a strange and uncongenial atmosphere. As a rule he is badly housed. In the mine compounds, it is true, his creature comforts are well cared for, but his liberties are curtailed. He suspects that, in the eyes of his white employer, he is looked upon as an asset, as a unit of that "labour force" of which so much was heard in the 'nineties. Meanwhile he is realising more and more that outside the coloured area in the western Cape province he is the basis of society. He sees that he pays his taxes and, outside the Cape, gets comparatively little in return. The situation in this respect is better than it was, but much remains to be done. He knows that in some cases the jury system strains justice against him. He finds that since 1914 the price of his necessities has gone up, while his wages, unlike those of white workmen, have remained more or less stationary. He has no voice in politics outside the Cape, and even in the Cape he cannot sit in Parliament. Nor does he feel that his educational needs are being adequately met. Again there has been an improvement in many parts of the Union of late years, but the improvement is inadequate. In the Transvaal he finds the colour bar erected against him; in both the Transvaal and the Free State he is subject to Pass Laws. Finally, like his white neighbours, his mind has been sorely shaken by the war. To put the position in a sentence, he is, as Smuts said, losing faith in the white man, in the white man's education, and in the white man's religion. He is puzzled, and therefore in a mood to become angry. Passive resistance on the Rand mines, a riot of students at the great Native college at Lovedale, a serious strike at Port Elizabeth culminating in indiscriminate shooting by uncontrolled Europeans, all point to the possibility of serious trouble.

Hitherto the security of the white man has largely lain in the divisions of the black. To-day a sense of solidarity is

## Native Policy

spreading among the Bantu in the Union and on its borders. This tendency need not be exaggerated, but it cannot be ignored. Educated Natives have watched the Nationalist agitation at close quarters. They have seized upon the formula of self-determination and applied it to their own case. They have also heard of the League of Nations. They ask whether the voice of the Bantu is to be heard in the Sanhedrim of the Tribes. Failing the League, there is still the British Empire. The general meeting of the S.A. Native National Congress, recently held at Bloemfontein, declared that it viewed with alarm the possible destruction, as a result of the Premiers' Conference, of the King's veto on laws passed by the Union Parliament, and, therefore, demanded direct Bantu representation at the Constitutional Conference in 1922.

This, roughly speaking, is the situation as it appears to many Europeans in the Union. It is, however, as Lord Buxton was careful to point out, extremely difficult to know what is really passing in the mind of the tribal Native. Hence the importance of the Government's decision, as a result of the tragedy at Bulhoek, to appoint a commission to inquire into the state of the Native mind which lies at the back of that untoward event. It is also worth noting that the University of Cape Town has, after a long-continued effort, established a school of Bantu studies, an example which the new University of Johannesburg is making haste to follow. If only the Government can make contact with the Native mind half the difficulties in the way of a solution of the Native problem will be cleared away.

The Native Affairs Act of 1920\* was piloted through Parliament by General Smuts. It is intended to remove one of the main grievances of the Bantu people of the Union. At present they are in the State, paying taxes to it, subject to its laws, but they have hardly any voice in

\* No. 23 of 1920.



## South Africa

the framing of those laws or the fixing and spending of the taxes. A comparatively few individuals may, by reason of education and mode of life, be really fit to perform the functions of citizens ; a few more may be able to fulfil the qualifications required of a voter in the Cape ; the vast majority are undoubtedly unfit as yet to take their place in the social and political framework of European society without wrecking it. That is the fundamental fact which South Africans would ask their friends overseas to bear in mind.

On the other hand, the Bantu tribal system provides for government by the chief and the council of great men. The Bantu loves talk, formal and deliberative talk, as much as ever the eighteenth century British Parliament loved it. But it must be talk in the presence of the chief. " Personal relations, personal contact, the personal equation " they must have. As the Matabele told Rhodes after the Rebellion of 1896, " our king, Lobengula, is gone and there is no one to whom we can speak."

The Native Affairs Act provides at once for these personal relations and for regular deliberative assemblies. A Native Affairs Commission has been appointed under the Act, consisting of the Minister of Native Affairs or his deputy as chairman and three members, specially selected for their knowledge of Native affairs. These three men are to be " the eyes and ears " of the Prime Minister. They are to advise the Government on the delimitation of the land into European and Native areas, in terms of the Acts of 1913 and 1917 ; but, as this division is not to take place before the economic and administrative relations of Europeans and Natives are on a sounder footing and then only when the Natives can be consulted, it would seem that this advice will not be required for a long time. The more pressing duties of the Commission are to devise a policy for dealing with those Natives who drift into urban areas, the incidence of Native taxes, the expenditure of a reasonable proportion of the proceeds upon the Natives themselves, education,

## Native Policy

native industries, agriculture, and the tangled system of Pass Laws.

'The Commission will keep in close touch with Local Councils in Native Areas. These Councils already exist in certain parts of the Cape province. The system is to be extended, and councils of nine Natives under a European official are to be encouraged to assume responsibility for the conduct of their own affairs in such matters as local roads, drains, dams, dip tanks, water, agriculture, afforestation, hospitals and education. These Councils will have the power of levying taxes to the extent of £1 per head on the Natives in their areas. The amount thus raised will be deducted from the hut tax levied by the central Government. The money thus raised will be spent by the Council raising it. In other words, the Natives will receive a training in real local government.

Over and above the Local Councils there are to be Conferences of Chiefs, headmen and delegates from native political and economic associations, summoned on the recommendation of the Commission. These Conferences will be purely consultative, but they will ensure that, before any measure affecting the Natives comes before Parliament, the leaders of the Natives will have a chance of expressing their opinion formally upon it. Such an expression of opinion will undoubtedly carry great weight in a country like South Africa.

The measure is a great and hopeful step forward. The existence of the reasonable policy embodied in the Act and of the Native Commission helped to tide the two races over a crisis which, in the absence of one or both, might have had the most serious immediate consequences.

## South Africa

### III. BULHOEK

THE name of an obscure Native Location in the district of Queenstown in the Cape Province is destined to figure prominently in the record of the dealings between white and black in South Africa. Already there are signs that the name may become the label of a legend, much as the name Slachter's Nek has become among the more perfervid Nationalists. It is all the more important then that all the facts relating to the tragedy which was enacted at Bulhoek on Empire Day should be verified beyond all doubt and be fully recorded. For the incident is itself significant of much and may well become significant of a great deal more.

The bare facts are that a force of some 800 South African police, moving to evict a body of natives—religious fanatics who had established themselves in defiance of the law on commonage ground attached to the native location—was forcibly resisted. Repeated appeals to the natives to disperse were disregarded, and when the police advanced the fierce charge of the natives made bloodshed inevitable. The police fired and in about ten minutes upwards of 200 of the fanatics were killed and many more wounded. The tragedy, like all tragedies, had its touches of magnificence. The picture of a company of white-robed "Israelites" rushing madly upon the rifles and bayonets of the disciplined police, urged on by their "prophet," Enoch, and sublimely confident in the readiness and power of the Lord Jehovah to turn aside the bullets of the white man, is one which stirs the imagination, and in everything but the tragic disillusionment of its end, recalls some of the scenes of the Old Testament. Indeed, the Old Testament record at its more primitive levels, understood as only a primitive people could understand it, seems to afford the real key to a mysterious episode.

## Bulhoek

The Government, six days later, very wisely published a Parliamentary Paper giving details of the events which had led up to the catastrophe, together with the Police Commissioner's report of the actual collision. These details are contained in a report from the recently appointed Standing Commission for Native Affairs. To any dispassionate reader the whole document affords a complete vindication of the Government's action, and if the volleys of Bulhoek should reverberate in Britain (as they undoubtedly will), it is devoutly to be wished that the friends of the Natives, while hearkening to those sinister echoes, will not close their eyes to the facts set forth in the White Paper. The vindication of Government, however, has not been unanimously accepted even in South Africa. On the one hand political partisans, who themselves in many cases would be willing to shoot down Kafirs with far less excuse, are making hypocritical capital out of the incident. On the other hand, sincere but ill-balanced friends of the Native look only at the lamentable bloodshed and talk about militarism and massacre, without weighing sufficiently either the momentous issues which were at stake or the exemplary patience of the Government in its handling of a perverse and stiff-necked generation.

The "Israelite" sect appears to be an offshoot of an American Negro "Church," known as "The Church of God and Saints of Christ." Its tenets and observances are a curious medley of primitive Judaism and debased Christianity. A South African Kafir introduced it in 1909, appearing as a "bishop" of the Church, and it was his successor, a resident in the Bulhoek Location, who led his people to the calamity of May 24. For some years past members of the sect had been in the habit of coming to Bulhoek as to a sort of Zion, for a great annual festival. They encamped on the commonage around a central tabernacle, and, after the celebration of the "Passover," dispersed to their homes. But after the 1920 festival there was no dispersal. Huts were erected, a road was diverted,

## South Africa

a dam was built and ground laid out. Not only so, but the sectaries resisted the operation of the ordinary law. No taxes were paid, births and deaths were left unregistered, and the representatives of the State were firmly excluded. Though there was little turbulence or crime, the community was, nevertheless, a body of rebels as well as trespassers, justifying its action by appeal to the sovereign will of Jehovah as revealed through His prophet Enoch. An earlier attempt to remove them with an insufficient force ended in failure and, no doubt, aggravated the danger by appearing to justify their confidence in Jehovah. Appeals, persuasion, threats, bribes, argument by the Native Affairs Commission, magistrates and police officers, and the urgent entreaty of their fellow natives themselves, all proved vain and the drama moved on inevitably to its bloody conclusion.

It is not possible, as yet, to assess the total effect of the episode. Native feeling does not appear to have been stirred so much by the incident itself as by the injudicious language of some of the critics of the Government. Natives who knew the facts were quite aware of the obduracy of the offenders and of the great patience of the Government. Indeed, many of them had urged forcible action long before such action was taken on the reluctant recommendation of the Native Affairs Commission.

All that can now be said to any useful purpose is by way of calling attention to two points. One is the illustration which the calamity offers of the enormous difficulty of maintaining a civilised order under the reign of equal law in a country of such incommensurable peoples. The other is the glimpse which has been afforded to us of what is proceeding in the Native mind. In regard to the first point the Prime Minister emphasised the right moral when he insisted that, whatever happens, the supremacy of the law must be maintained or the South African State will explode into atoms. A man who has not hesitated to shoot his own kindred in the same cause, who himself piloted the Native Affairs Act through Parliament last

## Bulhoek

year, who showed infinite patience in the management of the present affair, and who, more than any man, has cause to understand the disruptive tendencies which threaten us, has every right to speak thus. Hard as it may seem, force, even to the death, is better than the horrors of anarchy in such a land.

The other point is both more interesting and more obscure. Hence the willingness of Government (as expressed during the debate in the House) to appoint a Commission to inquire into this aspect of the matter, is to be welcomed. Clearly, the Native is going his own ways in religion. The Acting Prime Minister stated that there are already no fewer than 160 so-called Christian sects, each regarding itself as the chosen people. On the Rand recently there have been wonderful scenes of religious revivalism, Native preachers holding forth eloquently to vast audiences, making converts by the hundred, and bringing in the very police who had been sent to watch the meetings. In many cases there is more of Judaism than Christianity in these movements. The Old Testament figures largely as a source of inspiration, and its influence is too often of a sinister kind. That the tone of this diversified movement is anti-European, or, at least, independently Native, seems beyond doubt. To fail in making a thorough inquiry into the whole phenomenon would be foolhardy and well-nigh suicidal.

What it betokens no one can yet tell. Whether all these centres of ferment will coalesce to form a great fanatic movement somewhat akin to that of Mahomet, or whether they will empty themselves in internecine conflict, time alone can show. But that the result of all the unrest will be to stimulate a better understanding of black by white and an increase of safe outlets for Native energies, no one who appreciates the fundamental common sense of the South African people in handling the greatest of all its problems, can hesitate to believe.

# South Africa

## IV. SOUTHERN RHODESIA

THE political situation in Rhodesia has been advanced to a further stage by the report of the Buxton Commission. This Commission was appointed by the Colonial Secretary to recommend the safeguards and procedure necessary for the establishment of responsible Government in Southern Rhodesia. Lord Milner, in December, 1920, stated that, if the electors endorsed the overwhelming verdict of the last general election in favour of Responsible Government, it would be granted. The Commission therefore considered that it was not concerned with possible alternative forms of government, though it noted that its proposals did not bar the way to the inclusion of Rhodesia in the Union of South Africa, if at any time the electors decided in favour of that course.

The Commission recommends that a draft scheme of Responsible Government be prepared and placed before the electors at a referendum. On receipt of this news the one non-official member of the Legislative Council, who favours Representative Government under the Crown instead of the Charter, moved that incorporation in the Union should be presented to the electors as an alternative to Responsible Government, and that the Colonial Secretary be requested to ascertain the terms on which the Union would be willing to incorporate Rhodesia. This proposal was made because of the fear that, if Responsible Government was rejected and nothing definite offered in its place, confusion would ensue, and Southern Rhodesia might find itself compelled to accept Union on the Union's own terms, "a sad thing." This motion was withdrawn in face of criticism, the exact nature of which is not known at the time of writing, but there can be little doubt that the motion represents the policy of the comparatively small body of Rhodesians who favour Representative

## Southern Rhodesia

Government and, since it was prominently noted in the Rhodesian and in certain sections of the South African Press, of the larger body whose hopes of union have revived since Smuts' victory at the last general election.

The main difficulties in the way of Responsible Government in Southern Rhodesia are the presence of a large native population and finance. The nearest parallel to her case is that of Natal, which received self-government in 1893.\*

As far as the natives are concerned, the Commission recommends that the Order in Council of 1898, under which the Company's administration was reorganised after the Rebellion of 1896-97, should be taken as the basis. Under this Order the High Commissioner will have the final word in the appointment of the Secretary for Native Affairs and the Native Commissioners ; the salaries of these officials cannot be altered without his consent ; he can also compel their suspension or dismissal. Native rights to equal treatment with Europeans, save only in the procuring of liquor, guns and ammunition, are to be secured, and their right to obtain the franchise and individual tenure of land are also to be maintained. The Native Reserves—some 19,500,000 acres out of 95,000,000—as defined by the Reserves Commission of 1914-15, will remain inalienable and vested in the High Commissioner. The High Commissioner will also have the right to call for reports on Native Affairs and to remit fines imposed upon chiefs or tribes. Provision is also to be made for the creation of Native Councils and Conferences similar to those laid down in the South African Native Affairs Act of 1920. The Commission recommends that these safeguards be embodied in the instrument creating the new Constitution.

Finance has always been a thorny problem in Southern Rhodesia. The Company holds the minerals, and from 1893

*	EUROPEANS.	NON-EUROPEANS.
Natal (1893) . .	47,000	497,000 (excluding Zululand)
S. Rhodesia (1920)	33,000	770,000



## South Africa

to 1918 claimed the unalienated land as commercial assets. The administrative and commercial sides of the Company were not clearly divided till 1907-8. It therefore made up any deficits on the cost of administration, at the same time attempting to induce the Rhodesians to undertake to repay these deficits if ever the Company handed over the administration to them. This the Rhodesians have steadily declined to do since 1899. In 1918, after the Privy Council had decided that the unalienated lands were Crown lands, the Company not unnaturally declared that it would not make up any further administrative deficits. It is not sufficiently realised, however, that since 1908 the Rhodesian taxpayer has met current expenditure from taxation. The shortfall in one year has been made up by the surplus of the next. The Treasurer was even able to announce a small surplus for 1921, that year of deficits. This end has only been achieved, however, by rigorous economy in the public service and the ruthless cutting down of capital expenditure. In its present political status Southern Rhodesia cannot borrow. On the other hand, advocates of Responsible Government declare that the country can bear much heavier taxation and will be prepared to do so as soon as the Company has given up the reins of government. The income tax, for instance, is very low; the Company in their eyes could well contribute more than it does in the way of taxes; the great tracts of unimproved land held by "development" companies could be made to yield revenue.

It is easy to be too sanguine about the elasticity of Southern Rhodesian finance; it is still easier to be too pessimistic. It would seem to us, south of the Limpopo, that the pessimists are in this respect the more clamorous of the two parties.

The Buxton Commission shows that the new Rhodesian State would start with a debt of £1,500,000, including the £300,000 which the Imperial Treasury is prepared to advance towards capital expenditure during the next two

## Southern Rhodesia

years. Over and above this, there will be the unsettled balance of administrative deficits due to the Company under the Cave Award, that is nearly £4½ million, less the value of land allocated by the Company to its own commercial use (some 3¼ million acres), or granted to railway companies, in which the Company held all or a large portion of the shares, or handed over to land and other subsidiary companies, especially in the early days, to encourage the development of Rhodesia. The Colonial Secretary has stated that the Crown does not expect a surplus in its favour after these deductions have been made, hence the balance will have to be made up by the sale of Crown lands. The Commission recognises that control of the land is the crux of the whole situation. The Company, as a purely commercial concern, will be anxious to sell the land at a high price as rapidly as possible. It tried to carry out some such scheme in 1913, after it had abandoned all hope of finding the New Rand which had haunted the imagination of its directors and shareholders since 1889. The scheme led to much friction with the Rhodesians. It is difficult to see how similar trouble is to be avoided now, as the Rhodesians may wish to dispose of the land cheaply to attract new settlers. The Commission proposes that a Land Board consisting of one member appointed by the Governor, one nominated by the Company, and a chairman appointed by the High Commissioner shall administer the land. In case of a deadlock, final reference is to be made to the Colonial Secretary. The Commission also suggests that the Land Board shall fix the amount of the deduction to be made from the Cave Award. The whole scheme bears a temporary appearance.

As regards legislative machinery, it is proposed that there shall be a single chamber of from 26 to 30 members. At present there are 13 elected members in the Legislative Council. One of the difficulties in the way of Responsible Government is that the number of experienced men who can afford to spend any length of time at the sessions of

## South Africa

Parliament is small. But this is a difficulty which can only be surmounted by experiment. The advocates of Responsible Government hold that it will be easier to find 26 men to sit in Salisbury than it would be to find a similar number to sit for a much longer period at Cape Town.

For the rest, the Commission speaks of a two-year interregnum, during which the present system of administration will be continued. At the time of writing, it is suggested that a deputation of elected members should proceed to London to discuss the whole question with the Colonial Secretary, if possible before General Smuts returns to South Africa.

South Africa. July 1921.

## NEW ZEALAND

### I. THE GOVERNMENT AND THE IMPERIAL CONFERENCE

PARLIAMENT was summoned for a short session in March to confirm the decision that the country should be represented by the Premier at the Imperial Conference. The Government also desired Parliament to make the necessary financial provision to permit of the postponement of its ordinary session for a few months from its normal date in the last week of June. The propriety of sending Mr. Massey to the Conference was not questioned, but there was the usual party discussion on the question which, as usual, was declared to be entirely independent of party, viz., whether the ordinary business of Parliament should be suspended during the Premier's absence. The conflict between the claims of domestic and of Imperial business is unfortunate, but until the airship has shortened the route it is bound to continue, and with the increasing concentration of power in the hands of the Prime Minister and the shortening of the intervals between the calls to London it is likely to increase. Only once in twenty years has a New Zealand Government considered itself strong enough to carry on Parliamentary business as usual during the absence of its Chief. The Massey Government was intrinsically strong enough to do in 1921 what the Seddon Government did in 1902, but the fact that Mr. Massey's second in command, Sir Francis Bell, is in the Legislative Council, created a special difficulty.

During the recess such questions as the future of the

## New Zealand

battleship, the possibility of Britain's sinking to the position of third Naval Power, the renewal of the Anglo-Japanese Alliance, the control of the Pacific, and the agenda of the Imperial Conference had figured prominently in our cable messages, and had been freely discussed by the Press. But Ministers had left all these questions almost entirely alone, and given the Country no lead on any of them. This neglect became especially unfortunate after Mr. Lloyd George's urgency had convinced the Government that Mr. Massey must attend the Conference. Duty and interest were then at one in demanding that the Government should enlighten the Country about the chief questions likely to come before the Conference, their bearing upon the future of the Empire, and the general attitude which the Dominion's representative should adopt in each case. As the responsible leaders of the people, Ministers were clearly under an obligation to impart this amount of information. It was just as obviously to their interest to impress the people, whose Parliamentary business was to be suspended, with a sense of the importance of the business which was to have priority, and to prepare the public mind in a general way for sacrifices which are inevitable if the Imperial Conference faces the facts and its constituent Governments do their duty. No such educational process was attempted. Mr. Massey has a firm conviction that the public platform is not the best place for discussing nice questions of diplomacy, and it is probable that the conductors of the Empire's foreign policy would be thankful to see his example generally followed. But a caution which is carried so far in its own sphere as to allow the Dominion's attitude towards the Japanese Alliance to be grossly misrepresented without a prompt and emphatic protest, is extended to aspects of Imperial affairs to which the rule that free discussion is a condition of progress is just as plainly applicable as it is to any other phase of democratic activity. For this reason among others no attempt has been made to focus the keen Imperial senti-

## The Samoan Mandate

ment of New Zealand on the work of the Conference or the future of the Empire. We have sent Mr. Massey home with a blank cheque which well represents the blankness of the country's mind on issues which it might easily have been made to recognise as comparable in importance to those presented by Germany's challenge to the world.

### II. THE SAMOAN MANDATE

AN event of the first importance which, if the Imperialism of the Government had been as alert and active as it is sound, might have been made the means of impressing the public with the gravity of the problems awaiting the Imperial Conference, was the issue of the Pacific Mandates. The receipt by Sir James Allen of New Zealand's mandate for Western Samoa was reported by cable on January 28, and with reference to Australia's mandate for New Guinea the same message added: "A peculiar position has originated, through the Commonwealth claiming the right to receive the document directly as a Member of the League through the King without the intervention of the British Government." This procedure was certainly not in accordance with New Zealand's idea of propriety and policy. What she believed to be the sound course had been laid down by her Parliament about fifteen months previously in the *Treaties of Peace Act, 1919*. This measure, after reciting that "the League of Nations may be pleased to confer upon His Majesty in right of his Dominion of New Zealand a mandate to govern the said Islands [of Western Samoa] for and on behalf of the said League," proceeded to approve and confirm both the acceptance of the mandate and the exercise by the Governor-General in Council of any jurisdiction or authority over the Islands "which His Majesty may be pleased in pursuance of any such mandate to confer upon the

## New Zealand

executive Government of New Zealand." In moving the second reading of the Bill, on October 17, 1919, Sir James Allen, then Minister of External Affairs, said "if this Bill is passed, the Parliament of New Zealand will have agreed to the acceptance of the mandate by New Zealand on behalf of the Imperial Government, which has accepted the mandate on behalf of the League of Nations." He also said that, though Samoa would be neither a British possession nor, strictly speaking, a British protectorate, "His Majesty will undoubtedly have jurisdiction over Samoa within the meaning of the Imperial Foreign Jurisdiction Act."

The Bill was passed, and in the paper on "The Samoan mandate," read before the Royal Colonial Institute on November 2, 1920, Sir James Allen thus described the subsequent procedure and the reasons for it:—

After the passing of the Treaties of Peace Act, 1919, action was delayed for some time, though definite information had reached us that New Zealand was the mandatory Power to administer Western Samoa. The New Zealand Government, considering it imperative, without further delay, to dispense with the military occupation and establish a civil Government, after consultation with the British Government, and acting on a recent decision of the Appeal Court of the Dominion\* that New Zealand cannot legislate for territories beyond its limit, determined to take advantage of Imperial legislation, known as the Foreign Jurisdiction Act, 1890. Under authority of this Act an Imperial Order in Council entitled the Western Samoa Order in Council, 1920, was gazetted on March 11, 1920. This order states that: "Whereas by treaty, capitulation, grant, usage, and other lawful means His Majesty the King has jurisdiction in the said Islands, and it is expedient to determine the mode of exercising such jurisdiction: Now therefore His Majesty, by virtue of the powers by the Foreign Jurisdiction Act, 1890, or otherwise in His Majesty vested is pleased by and with the advice of his Privy Council to order and it is hereby ordered as follows," and then the order goes on to say that "The Parliament of New Zealand shall have full power to make laws for the peace, order, and good govern-

\* The decision of the New Zealand Court of Appeal to which Sir James Allen here refers as limiting the jurisdiction of the New Zealand Parliament to the boundaries of the Dominion was given in the case of *Rex v. Lander* ([1919] N.Z.L.R. 305).

## The Samoan Mandate

ment of Western Samoa in accordance with the provisions of the Treaty of Peace, and further that until that Parliament otherwise provides, the executive Government of New Zealand may by Order in Council exercise the like authority." Armed with this Order in Council and the New Zealand Treaties of Peace Act, 1919, the Samoan Constitution Order, 1920, was made on April 1, 1920, and Civil Government was established in Samoa on May 1.

The arguments, by which South Africa's assumption of her mandate without the intervention of any Imperial authority has been supported, have excited a good deal of uneasiness here. New Zealand has no desire to become a sovereign State, and sees nothing but danger in the division or multiplication of sovereignty which is supposed to have been effected by the Prime Ministers of the Empire sitting behind closed doors in London and Paris and acting without reference to their countries, their Parliaments, or even, it may be, their Cabinets, and probably with but the vaguest notion of the ultimate consequences. The impossibility of a dual sovereignty and a dual allegiance, and the fears for Imperial unity which the ambiguity of the Dominions' new status had inspired, were well expressed by Mr. W. Downie Stewart, M.P. (now Minister of Internal Affairs) in the debate on the Treaties of Peace Bill, 1919. His argument, which was quoted at length in *THE ROUND TABLE* for March, 1920 (pp. 469-470), concluded as follows :—

Does it mean that we by the act of signing this Treaty have assumed to ourselves sovereign power to make peace or war? I cannot conceive that such an intention was in the minds of the delegates to the Conference, but from the point of view of constitutional lawyers that is the logical result of the action they took.

In his reply to Mr. Stewart, Mr. Massey denied that there was any room for doubt in the matter.

The position (he said) was thoroughly understood. We signed it [the Treaty] not as independent nations in the ordinary sense of the term. We signed it as the representatives of self-governing nations within the Empire; we signed it as partners in the Empire, partners with everything that the name implies.



## New Zealand

After arguing that the real change in the Dominions' status had come when they were admitted to the Imperial War Cabinet, Mr. Massey continued :—

But so far as making war or peace is concerned, no Dominion has power to make either peace or war. If it becomes necessary—and I hope it never will—for Britain to declare war she will do so wholly as an Empire, not as the United Kingdom or as England ; and it will make peace as an Empire, and in making war or peace the British Dominions will have a full say.

In view of General Smuts' assertion that " the doctrine that the British Parliament was the sovereign legislative power for the Empire no longer holds good," and that South Africa remained at war until she had signed the Peace Treaty, it is not surprising that Mr. Massey's confident assurance failed to carry conviction. In the following session the matter was again brought up by Mr. Downie Stewart when the Treaties of Peace Amendment Bill was before the House (September 23, 1920). He repeated his previous warning, and he urged the Government to maintain its original attitude.

I understood (he said) that the Government were advised by the late Solicitor-General, Sir John Salmond, who is one of the greatest jurists in the Empire, that we should take the mandate through the British Government. General Smuts claimed the right to take it direct from the League of Nations, to whom alone he recognised responsibility, and if this view prevails it means the beginning of the break-up of the Empire. The view put forward by the New Zealand Government last year was the sound and proper one, and it cannot be too often reiterated, in order to make clear where New Zealand stands on this question.

The only declared change in the attitude of the Government since 1919 was on the formal point that the source of the Samoan Mandate was now recognised to be not the League of Nations, but the Allied and Associated Powers in whose favour Germany had by Article 119 of the Peace Treaty renounced all her right and title over her oversea

## The Samoan Mandate

possessions. Mr. Massey repeated his previous declaration on the main point but with a little more emphasis :—

When the Imperial Cabinet—the War Cabinet, as it was then—was convened, and representatives of the British Dominions were given the privilege and the right to sit with the statesmen of the British Empire around the Council table and take part in the government of the Empire—because that is what it means—we ceased to be what we had been before—we ceased to be dependencies in any sense of the word, and we became partners in the Empire, with all the privileges that belong to partnership. That is the position that I referred to last year, and that is the opinion that I hold. There is no doubt in my mind that instead of what has been done tending to disintegrate, there is now closer union between the different countries of the Empire than ever before.

Between these two complacent utterances of the Prime Minister, a note of warning had been sounded by the colleague to whose staunch, active and far-seeing Imperialism the obligations of the country during the last nine or ten years cannot easily be exaggerated. In a statement issued to the Press on April 20, 1920, Sir James Allen said :—

Some of the Dominions desired to deal with the League direct, and New Zealand had been asked whether it desired to do so or to transmit its representations to the League through the Mother Country. New Zealand favoured forwarding its representations to the League through the Mother Country. It was suggested that there should be a Secretariat in London to deal with representations from British Dominions to the League. The Secretariat could act as a sort of clearing house and co-ordinate the representations of the British Dominions. Negotiations on the subject were proceeding.

For the time being and for a long time to come it was desirable [Sir James Allen considered] that the Dominions' representations to the League should be made through the proposed Secretariat in London. The other procedure—independent representations by the Dominions to the League—might lead to the Dominions separating from the Mother Country and being independent. Realising the absolute necessity for the component parts of the Empire sticking together, New Zealand favoured the proposal that all representations to the League of Nations should be made through the Mother Country.

## New Zealand

The public has not been informed of the outcome of these negotiations, and the suggestion in the cable message quoted above that as a result of the Commonwealth's insistence the mandates for New Guinea and Samoa were not issued in the same way, is apparently incorrect. General Smuts and Mr. Hughes have carried their point not only for their own Dominions, but for all. New Zealand received her mandate direct from the League of Nations, in a letter sent from Geneva on February 11 last to her Prime Minister, and the correspondence thereon is not being conducted through Downing Street. The course in which Sir James Allen detected danger to the Empire was apparently accepted by New Zealand as soon as his back was turned, and neither Minister nor private member has had a word to say about it. While General Smuts is able to tell the Boer irreconcilables that the new procedure has made his country as independent as Hertzog himself could make it, Mr. Massey assures us that the procedure is really promoting a closer union than ever ; yet even Mr. Massey's robust optimism declines to stand cross-examination on the point as the following extract from the official report of last session will show :—

### STATUS OF THE DOMINION

13. Mr. Sullivan (Avon) asked the Prime Minister, whether he will during the debate on the Address in Reply define for the benefit of the people of New Zealand the legal position of this country in relation to the Empire and other States with regard to the signing of international treaties, also the extent to which New Zealand is bound by Imperial acts, such as declarations of war etc. The Right Hon. Mr. Massey (Prime Minister) replied, These matters will be considered at the forthcoming Imperial Conference, after which a more authoritative statement can be made.

Little use was made by the Government of the special session (March 10–22) to compensate for the lost opportunities of the recess. The Opposition's amendment to the Address in Reply brought domestic controversies to

## The Samoan Mandate

the fore, and speakers on the other side mostly found this ground more congenial than high Imperial plane. Excellent statements were made in the House by Mr. Massey, and in the Legislative Council by Sir Francis Bell, on the renewal of the Anglo-Japanese Alliance, in which appreciation of the Empire's obligations to Japan during the war and the desire to retain her friendship were emphasised, without any suggestion of weakening on the point which popular sentiment regards as settled beyond the possibility of compromise or even discussion—the maintenance of a “white New Zealand.” There is no apprehension of danger on this essential point, but it is generally recognised that the United States and China must be considered in the matter as well as the British Empire and Japan.

Except for this one point, the broad issues of Imperial policy were either ignored by Parliament or very perfunctorily handled. The Samoan Mandate was hardly touched, which was perhaps just as well, since previous discussions of the matter in Parliament have concentrated with a wearisome monotony on the question of indentured labour. Naval defence was hardly touched, and in spite of the recent issue of the mandates the Dominions' new status did not receive even as much attention as it had in the two previous sessions. The Labour amendment to the Address in Reply was of course utterly repugnant to the patriotism of the Dominion, but in its reference to the complete absence of any detailed reasons for holding the Imperial Conference, the Party aptly indicated the great opportunity that the Government had missed. With a view to focussing attention on some of the essential points, the Wellington ROUND TABLE Group on March 12 addressed to Parliament the Open Letter which is set out in the appendix. As the views expressed relate to the immediate needs of Imperial policy and are widely held, irrespectively of fundamental differences as to the ultimate solution of the problem, the letter is worth quoting.

# New Zealand

## III. AN IMPERIAL EXECUTIVE

MR. MASSEY'S one adventure in the field of Imperial policy was a very bold one. In a speech, which by the references to Japan mentioned above and the declaration that, if he thought the Dominion's membership of the League of Nations had weakened its connexion with the Empire, he would advise resignation from the League, the Premier urged the formation of an Imperial Executive with the British Prime Minister as its head and including at least one Minister from each of the Dominions and representatives from India and the other Dependencies. This Executive should meet at least once in two years, and in course of time the meetings would be yearly.

Its business he defined as being :—

to do whatever may be necessary in connection with foreign affairs, such as the making of treaties or the declaration of war or the making of peace . . . and the Executive should be responsible to the Parliament of the United Kingdom and to the Parliaments of the Dominions.

It is strange that a man who has been in contact with great affairs, and whose sincere contempt for theorists was expressed in the same speech, should commit himself to so crude a proposal. The House had nothing to say about it and the Press not very much. One friendly critic reminded Mr. Massey of the fiasco of his predecessor's imperfectly considered Empire Parliament scheme before the Imperial Conference of 1911, and urged him to consult his law officers before risking a similar fate. Unfortunately the unrevised proposal has been cabled round the Empire and received the general condemnation which was inevitable. Referring to the reputation thus acquired by Mr. Massey "of being something like a full-blown supporter of Imperial Federation, which is by no means the case," the *Auckland Star* wrote as follows on April 12 :—

The truth is that words like "Executive" or "Cabinet" should

## An Imperial Executive

be most carefully used. Mr. Massey had in mind what was not an Executive at all. A body of men consisting of members of the British Government and Dominion Premiers or subordinate Ministers, sitting in London to consider policy, could only be executive if it was responsible to one Parliament chosen from the Empire. That Parliament would have the power to impose taxation on, or at least to allot contributions from, the now self-governing parts of the Empire . . . But such taxation is the very thing that Mr. Massey has declared against. Similarly it is, strictly speaking, wrong to speak of the Imperial War Cabinet as such. It was "Imperial," it was "War," but it was not a Cabinet, and the reason was that there was not complete responsibility to a single Parliament.

After quoting the remark of the *Times* that "Mr. Massey's advocacy of an Imperial Executive is not shared by the other Dominions," the *Evening Post* (Wellington) of April 14 said that there was little evidence that it was shared by Mr. Massey's own Dominion, and expressed the doubt whether he would stand by his own proposal when he realised all its implications and consequences.

Mr. Massey (says the *Post*) has probably been surprised to find that a proposal made in a speech in which he unequivocally condemned Imperial Federation is regarded by the *Times* as certain to be rejected by General Smuts owing to his opposition to "any tendency towards an Imperial Federation." Yet the appointment of a representative and responsible Imperial Executive to deal with foreign policy, treaties, and declarations of war and peace, so far from being the short and easy step that Mr. Massey supposes, would only be possible after all the obstacles to Imperial Federation, which he so clearly sees, had been surmounted. Such an executive would not represent a preparation or a substitute for a federal scheme, but rather its final test and consummation. In one aspect Mr. Massey's scheme is but the Imperial Conference under another name. It is to have the same constitution and apparently all the same functions, but it is to meet at shorter intervals. On the other hand, it is [also] to deal with foreign policy and declarations of war, and it is to do so, not in the advisory capacity which is all that the Conference now possesses with regard to any issue, but with full executive power. Such a power could not possibly be entrusted to a body so constituted, and even if it had the best constitution in the world, it could not save the Empire from ruin unless in Mr. Massey's proposal that it should meet every year or every other year we could in an emergency substitute "day" for "year."

## New Zealand

The *Post* then points out that whether by accident or design, Mr. Massey has not brought defence within the scope of his Imperial Executive although "some joint control, at any rate of naval defence, is surely a necessary correlative to the functions which he specified." The article concludes as follows :--

Naval defence is, certainly, the one practical, urgent, and supreme need with which the Conference must deal. It is of infinitely more importance to New Zealand than the naval Defence of the Pacific should be set in order than that she should be represented in an Imperial Executive. On this momentous issue we can rely upon the help of Australia, though she looks askance on any constitutional change. Mr. Hughes has led the way in statesmanlike style. He asks no favours from Britain, nor does he beat the big drum of Australian independence, but he declares in businesslike fashion that "for Australia there is no alternative to participation in the scheme of Imperial naval defence in the interests of Australia." Is there any other alternative for New Zealand? Her interests point exactly the same way, and participation in an Imperial scheme should be much easier for her since she has no aspirations towards naval enterprise on her own account.

The seamy side of the Imperial sentiment of which New Zealand is justly proud is the acquiescence that it induces in dependence upon Great Britain for services which no self-respecting country can afford to delegate. The course advocated by Mr. Hughes represents a reasonable compromise between this acquiescence and the aggressive independence sometimes attributed to the statesmen of the Commonwealth. If Mr. Massey will support Mr. Hughes, the result should be not merely to make the Empire a good deal safer for democracy than it is at present, but to prepare the way for some such constitutional reform as that which Mr. Massey has at heart.

### IV. A NEW DEPARTURE IN DIPLOMACY

**A**FTER the previous part of this article was written a further advance of the Dominion towards diplomatic independence seemed to be indicated by the publication on May 28 of some correspondence between the United States Consul-General at Auckland and the Government

## A New Departure in Diplomacy

on the previous day. The Consul-General had telegraphed the Acting-Premier as follows :—

Department State Washington cables instructing me to ascertain the reason for refusal of license to Armour and Company of Australasia at Christchurch to export and to point out that American capital established business in accordance with New Zealand laws and that present action appears to be arbitrary and discriminatory.

The following reply was sent by Sir Francis Bell :—

I am in receipt of your telegram of this date. I shall be obliged if you will inform the American Department of State:—Firstly: That New Zealand action in regard to Armour and Company has been largely influenced by the result of the American inquiry into, and report upon, the dealings of that company in relation to the American Meat Trust; secondly: That no difficulty is placed in the way of Armour and Company exporting to America for American use the meat now in freezing store; thirdly: That license to export such meat to the London markets is refused; fourthly: That full warning was given to Armour and Company and the Meat Trust by the New Zealand Parliament in the year 1918, when it was enacted that every meat exporter must have license to export. It was then made clear that the Act was intended to prevent operations by the Meat Trust; fifthly: Armour and Company could not obtain license to export, and devised method of purchasing sheep and freezing them in the works of companies licensed to export; sixthly: This Government will not allow evasion of New Zealand laws; seventhly: Armour and Company now ask for license to export this meat because it is theirs in private freezing stores, and they ask for a license now which would not have been granted before the purchases, as they well knew; eighthly: The action of the Government is not an arbitrary one, and I regret that it should be considered proper to adopt such an expression with regard to it; ninthly: The business of the company was established with the object of establishing the Meat Trust in New Zealand in defiance of the Act of 1918.

The *Dominion* of May 30 called attention to the “marked departure from pre-war practice” which was made by this direct communication between the New Zealand Government and the representative of a foreign Power. While pointing out that the present inquiry was merely a preliminary request for information, the *Dominion* added that further correspondence was likely to follow, and put the



## New Zealand

pertinent question : " Should an impasse be reached in any such correspondence between a Dominion and a foreign State, what would be the position ? " In reply to this article and to similar criticism from the *Evening Post* Sir Francis Bell published the following statement on May 31 :—

On other occasions the American Government had sent communications through the American Consul-General. But, on the advice of the late Solicitor-General, the New Zealand Government had always replied that while it was ready to give the Consul-General every assistance in gathering information for himself, it would communicate with the United States Government only through the Secretary of State for the Colonies. The direct reply that had been sent regarding the Armour case was a new departure.

Further criticism elicited on the following day a fuller statement from the Acting-Premier, which is not easily reconcilable with that which is quoted above though decidedly more satisfactory.

Consuls of foreign nations in British territory [said Sir Francis Bell] have no diplomatic standing and no diplomatic position, and questions of public policy or of international relations of any kind are excluded from their functions. Consuls are appointed for trade purposes and to facilitate interchange of communications between nations in relation to trade and commerce. Governments recognise the mutual advantage which consular communications provide in that respect, and, in relation to trade, direct communications do take place between the Governments and the consular authorities. This course is more frequently followed in the British Dominions abroad than in other parts of the world, for the reason that thereby the information required is more readily obtained and supplied. . . .

The above explanation should make clear that direct communication between foreign consuls and the Government of New Zealand on matters affecting trade is not irregular or novel, and that such communication does not constitute any assertion of independent sovereignty.

Referring to the suggestion that the course taken might mark the opening of direct diplomatic relations between New Zealand and foreign Powers Sir Francis Bell said :—

I should be one of the last to admit the possibility of the creation of such diplomatic relations, because I follow Mr. Massey in his

## A New Departure in Diplomacy

insistence on the duty of maintaining the integrity of the Empire and the recognition of the practical impossibility of the creation of diplomatic relations with foreign nations without a corresponding assertion of independent sovereignty.

Even if the critics of the Government are right, a blunder which resulted in this emphatic repudiation of a diplomatic procedure that seems to be demanded by General Smuts's theory of Dominion sovereignty has not been in vain. While gratefully acknowledging the value of Sir Francis Bell's lucid exposition the *Evening Post* of June 3 argues nevertheless that it does not fully justify the Government:—

Was the inquiry submitted by the United States Government through its Consul-General really of the nature of a "trade question" ? or did it come within the sphere of "public policy and international relations" with which Sir Francis Bell says that consuls should have nothing to do ? It seems to us that the matter came within the latter category. The American Government's inquiry was not inspired by curiosity about markets or prices or the like. It wanted to know what the Dominion Government had been doing to certain American citizens, and even accompanied its inquiry with the intimation that the treatment appeared to be "arbitrary and discriminatory." The Acting-Prime Minister repudiated the charge with a spirit which no mere economic inquiry would have evoked, and both the charge and the retort indicated that such delicate matters as national honour and international rights were really involved.

A message from Washington has since informed us that Armour's have submitted to the British Foreign Office, through the American Embassy, a denial of the New Zealand Government's charges.

New Zealand. June 13, 1921.

# New Zealand

## APPENDIX

### *An Open Letter from the Wellington Round Table Group to the Parliament of New Zealand*

In view of the intended departure of the Prime Minister to represent the Dominion at the Imperial Conference, we venture respectfully to submit the following points for the consideration of Parliament :—

1. Is New Zealand, as the representatives of some other Dominions contend, an independent sovereign nation with power to make war and peace on her own account ? If so, do the *Chatham* and the *Philomel* sufficiently provide for her protection ?

2. If New Zealand is not an independent nation and has no desire to become one, is it not time that she considered whether through her acquiescence tendencies are not being developed in that direction, remembering that it is " easy to drift into separation, but that we cannot drift into union ? "

3. If New Zealand is an integral part of the British Empire and absolutely dependent upon the British Navy for the protection of her commerce, her racial purity, and her very existence, is it right that substantially the whole cost of that Navy should be borne by the British taxpayers ? Is it possible that they will be content to bear it indefinitely ? Is it possible that we shall be content to sponge upon their generosity until it is exhausted ?

4. Is it not our plain duty to come forward without waiting to be asked, and, as comrades of our friends in the Mother Country and fellow-subjects of the King, to offer to bear our fair share of the burden of Imperial Defence on whatever basis of population or wealth or trade or what-not may be found to be equitable ?

5. Is it to the League of Nations or to the British Empire that the Dominions must look for protection in time of trouble ? And to which should they look for a definition of their constitutional rights ?

6. Is it right that the Dominions should treat the status conferred upon them by the League of Nations as changing their constitutional position in the Empire, and entitling them as sovereign bodies to set up foreign policies of their own in competition with Great Britain, and to ask foreign countries to support their policy against hers on a foreign tribunal ? What power would the Dominions have to enforce their policy unless they had the British Navy or some foreign forces behind them ? Is New Zealand anxious to have a foreign policy of her own, and, where it differs from Britain's, to ask a foreign Power to enforce it ?

## Appendix

7. Is it possible for the Empire to have five different foreign policies and yet remain united ?

8. If, as is conceded, it is wrong that Britain should commit the Dominions to war without consulting them, is it right that the Empire should be exposed to the risk of war by the uncontrolled act of a single Dominion ? If General Smuts is right in his contention that South Africa remained at war until she ratified the peace, and that she will not be at war again until she has herself declared it, does not this mean that the British Empire has ceased to be an Empire without becoming an Alliance ?

9. Is not some arrangement under which a united Empire can adopt and promote a common foreign policy the only possible safeguard against disunion and disintegration ? And, until the necessary constitutional changes can be made, is there any possible organ for the expression of the mind and will of the whole Empire except the Government and Parliament of Great Britain, guided and fortified by the fullest possible consultation with the Dominions ?

10. Is it not right that the Dominions should, as Lord Milner advises, cease their insistence upon rights which nobody disputes ? Should they not face the far more difficult and important problem of their duties ? Having been freely admitted to the Imperial partnership on the footing of nationhood, should they not proudly undertake all the obligations of their new dignity, and scorn with equal determination their previous status of dependents or sleeping partners and the false glamour of a so-called independence which can only end in disaster ?

11. If the views we have suggested are, as we believe, in strict accord with the patriotic sentiment of the Dominion, is it not desirable that those who are officially qualified to speak for it should give them a clear and authoritative expression ?

12. And if these views are not of the kind which has been most advertised in some other parts of the Empire, does that make such an expression any the less desirable ? If New Zealand has not shrunk on previous occasions from giving the patriotism of the Empire a lead, should she hesitate now ?



# INDEX TO VOLUME XI

	<i>Page</i>
Anglo-Japanese Alliance, The . . . . .	87
AUSTRALIA :	
Sir Samuel Griffith . . . . .	174
The Continuance of War Powers . . . . .	175
Western Australian Civil Service Strike . . . . .	180
Wheat and Wool Pools . . . . .	183
Australia, White . . . . .	312
The Queensland and Victorian Elections . . . . .	406
The Industrial Situation . . . . .	408
The Australian Record in Papua . . . . .	418
The Imperial Conference . . . . .	676
The Financial Position in Australia . . . . .	685
Mr. Hughes' Mission . . . . .	924
Wool . . . . .	931
British Commonwealth of Nations in 1921, The . . . . .	I
Brussels: The International Financial Conference and Its Lessons . . . . .	50
CANADA :	
Representation of Canada at Washington . . . . .	153
British Visitors and Imperial Problems . . . . .	160
Political and Industrial Conditions . . . . .	169
The Political Outlook . . . . .	382
Autonomists and Centralists . . . . .	390
Relations Between the French and English in Canada . . . . .	396
Business Conditions . . . . .	400
The General Situation and Outlook . . . . .	657
Racial and National Dilution . . . . .	659
The Railway Problem . . . . .	665
American Influences in The Dominion . . . . .	671
Significance of the By-Elections . . . . .	907
Mr. Meighen at the Conference of Premiers . . . . .	910
A League of Nations Society . . . . .	914

# Index to Volume XI

	<i>Page</i>
Diplomacy by Conference . . . . .	287
Egypt a Nation . . . . .	32
Imperial Cabinet, The Meeting of . . . . .	535
Imperial Conference, The . . . . .	735
Imperial Conference, The. From an American Standpoint . . . . .	835
<b>INDIA :</b>	
India Through Indian Eyes . . . . .	146, 365
The Delhi Parliament . . . . .	637
The Debates . . . . .	641
The Position of the Moderates . . . . .	654
Development of the Non-Co-operation Movement . . . . .	868
Policy of Government . . . . .	870
Manifestations of Non-Co-operation in the Punjab . . . . .	871
Hindu-Muslim Unity . . . . .	872
Weakening of Solidarity . . . . .	877
Ireland . . . . .	759
<b>IRELAND :</b>	
Reprisals in . . . . .	139
Ireland and the Home Rule Act . . . . .	231
The Background . . . . .	465
The Constitutional Movement for Home Rule . . . . .	474
Effects of the Outbreak of War . . . . .	476
Developments After the War . . . . .	487
A Settlement as Proposed by the Government . . . . .	507
A Plea for Finality . . . . .	512
National Prosperity and Industrial Peace . . . . .	797
Nations, The British Commonwealth of, in 1921 . . . . .	1
<b>NEW ZEALAND :</b>	
Parliament and Policy . . . . .	212
Defence . . . . .	216, 452
A White New Zealand and Restrictions on Immigration . . . . .	222
Samoa and the Pacific Islands . . . . .	225
Political . . . . .	449

# Index to Volume XI

	<i>Page</i>
<b>NEW ZEALAND—continued</b>	
External Affairs . . . . .	451
The Industrial Situation . . . . .	454
The Cost of Living . . . . .	457
Wool and Credit . . . . .	461
The Financial Statement . . . . .	714
Trade . . . . .	715
Credit . . . . .	718
Taxation . . . . .	721
Retrenchment . . . . .	724
Transition . . . . .	727
Currency . . . . .	728
The Imperial Conference . . . . .	732
The Government and the Imperial Conference . . . . .	959
The Samoan Mandate . . . . .	961
An Imperial Executive . . . . .	968
A New Departure in Diplomacy . . . . .	970
Paris Conference, The . . . . .	274
<b>PROBLEMS OF EUROPE :</b>	
The Polish-Lithuanian Dispute . . . . .	98
The Little Entente . . . . .	104
The German Socialists and the Third International . . . . .	114
Reparations and Restoration . . . . .	579
The First London Conference . . . . .	583
The Sanctions and Their Working . . . . .	587
The Rising of the Storm . . . . .	592
The Ultimatum . . . . .	595
The Future . . . . .	600
The Internal Condition of Germany . . . . .	603
Poland . . . . .	852
The Situation in Germany . . . . .	860
Races, The Migration of (with Charts) . . . . .	241
<b>SOUTH AFRICA :</b>	
Political . . . . .	193
The Currency and Banking Act . . . . .	200
The Dominion Status . . . . .	207
South Africa and the Empire . . . . .	339
Secession : Aye or No ? . . . . .	428
South Africa's Status . . . . .	442
The General Election . . . . .	695
Consequences of the Elections . . . . .	700



# Index to Volume XI

	<i>Page</i>
<b>SOUTH AFRICA—<i>continued</i></b>	
Rhodesia and the Elections in the Union . . . . .	702
Imperial and External Policy . . . . .	704
The New Cabinet . . . . .	705
Internal Policy . . . . .	707
Imperial and Foreign Policy . . . . .	940
Native Policy . . . . .	945
Bulhoek . . . . .	950
Southern Rhodesia . . . . .	954
The British Commonwealth of Nations in 1921 . . . . .	1
The Passing of Woodrow Wilson . . . . .	14
The Imperial Conference . . . . .	735
The International Conference at Brussels and its Lessons . . . . .	50
The Anglo-Japanese Alliance . . . . .	87
The Problems of Europe . . . . .	98
The Migration of Races (with Charts). . . . .	241
The Paris Conference . . . . .	274
The Meeting of the Imperial Cabinet . . . . .	535
<b>UNITED KINGDOM :</b>	
The Coal Strike . . . . .	127
Reprisals in Ireland . . . . .	139
Unemployment and the Industrial Situation . . . . .	343
Some Causes of Unemployment . . . . .	346
Some Remedial Measures . . . . .	356
Mr. Bonar Law's Retirement . . . . .	611
Reconstruction of the Government . . . . .	614
The Recent By-Elections . . . . .	616
The Industrial Situation . . . . .	619
The Origins of the Coal Strike . . . . .	624
The Interlude of the Triple Alliance . . . . .	626
Subsequent Negotiations . . . . .	633
Current Politics . . . . .	882
The Coal Strike and its Results . . . . .	891
The Industrial Outlook . . . . .	899
United States and the Old World, The . . . . .	558
White Australia . . . . .	312
Woodrow Wilson, The Passing of . . . . .	14

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